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Reduction Project (1004-0160), Office of Management and Budget, Washington, DC 20503.

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**PART 3200—GEOTHERMAL
RESOURCE LEASING**

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Subpart 3200—Geothermal Resource Leasing

§ 3200.1 Definitions.

For purposes of this part and part 3280:

Acquired lands means lands or mineral estates that the United States obtained by deed through purchase, gift, condemnation or other legal process.

Act means the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001 *et seq.*).

Additional extension means the period of years added to the primary term of a lease beyond the first 10 years and subsequent 5-year initial extension of a geothermal lease. The additional extension may not exceed 5 years.

Byproducts are minerals (exclusive of oil, hydrocarbon gas, and helium), found in solution or in association with geothermal steam, that no person would extract and produce by themselves because they are worth less than

75 percent of the value of the geothermal steam or because extraction and production would be too difficult.

Casual use means activities that ordinarily lead to no significant disturbance of Federal lands, resources, or improvements.

Commercial operation means delivering Federal geothermal resources, or electricity or other benefits derived from those resources, for sale. This term also includes delivering resources to the utilization point, if you are utilizing Federal geothermal resources for your own benefit and not selling energy to another entity.

Commercial production means production of geothermal resources when the economic benefits from the production are greater than the cost of production.

Commercial production or generation of electricity means generation of electricity that is sold or is subject to sale, including the electricity or energy that is reasonably required to produce the resource used in production of electricity for sale or to convert the resource into electrical energy for sale.

Commercial quantities means either:

(1) For production from a lease, a sufficient volume (in terms of flow and temperature) of the resource to provide a reasonable return after you meet all costs of production; or

(2) For production from a unit, a sufficient volume (in terms of flow and temperature) of the resource to provide a reasonable return after you meet all costs of drilling and production.

Commercial use permit means BLM authorization for commercially operating a utilization facility and/or utilizing Federal geothermal resources.

Development or drilling contract means a BLM-approved agreement between one or more lessees and one or more entities that makes resource exploration more efficient and protects the public interest.

Direct use means utilization of geothermal resources for commercial, residential, agricultural, public facilities, or other energy needs other than the commercial production or generation of electricity. Direct use may occur under either a regular geothermal lease or a direct use lease.

Direct use lease means a lease issued noncompetitively in an area BLM designates as available exclusively for:

(1) Direct use of geothermal resources, without sale; and

(2) Purposes other than commercial generation of electricity.

Exploration operations means any activity relating to the search for evidence of geothermal resources, where you are physically present on the land and your activities may cause damage to those lands. Exploration operations include, but are not limited to, geophysical operations, drilling temperature gradient wells, drilling holes used for explosive charges for seismic exploration, core drilling or any other drilling method, provided the well is not used for geothermal resource production. It also includes related construction of roads and trails, and cross-country transit by vehicles over public land. Exploration operations do not include the direct testing of geothermal resources or the production or utilization of geothermal resources.

Facility construction permit means BLM permission to build and test a utilization facility.

Facility operator means the person receiving BLM authorization to site, construct, test, and/or operate a utilization facility. A facility operator may be a lessee, a unit operator, or a third party.

Geothermal drilling permit means BLM written permission to drill for and test Federal geothermal resources.

Geothermal exploration permit means BLM written permission to conduct only geothermal exploration operations and associated surface disturbance activities under an approved Notice of Intent to Conduct Geothermal Resource Exploration Operations, and includes any necessary conditions BLM imposes.

Geothermal resources operational order means a formal, numbered order, issued by BLM, that implements or enforces the regulations in this part.

Geothermal steam and associated geothermal resources means:

(1) All products of geothermal processes, including indigenous steam, hot water, and hot brines;

(2) Steam and other gases, hot water, and hot brines resulting from water,

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gas, or other fluids artificially introduced into geothermal formations;

(3) Heat or other associated energy found in geothermal formations; and

(4) Any byproducts.

Gross proceeds means gross proceeds as defined by the Minerals Management Service at 30 CFR 206.351.

Initial extension means a period of years, no longer than 5 years, added to the primary term of a geothermal lease beyond the first 10 years of the lease, provided certain lease obligations are met.

Interest means ownership in a lease of all or a portion of the record title or operating rights.

Known geothermal resource area (KGRA) means an area where BLM determines that persons knowledgeable in geothermal development would spend money to develop geothermal resources.

Lessee means a person holding record title interest in a geothermal lease issued by BLM.

MMS means the Minerals Management Service of the Department of the Interior.

Notice to Lessees (NTL) means a written notice issued by BLM that implements the regulations in this part, part 3280, or geothermal resource operational orders, and provides more specific instructions on geothermal issues within a state, district, or field office. Notices to Lessees may be obtained by contacting the BLM State Office that issued the NTL.

Operating rights (working interest) means any interest held in a lease with the right to explore for, develop, and produce leased substances.

Operating rights owner means a person who holds operating rights in a lease. A lessee is an operating rights owner if the lessee did not transfer all of its operating rights. An operator may or may not own operating rights.

Operations plan, or plan of operations means a plan which fully describes the location of proposed drill pad, access roads and other facilities related to the drilling and testing of Federal geothermal resources, and includes measures for environmental and other resources protection and mitigation.

Operator means any person who has taken responsibility in writing for the operations conducted on leased lands.

Person means an individual, firm, corporation, association, partnership, trust, municipality, consortium, or joint venture.

Primary term means the first 10 years of a lease, not including any periods of suspension.

Produced or utilized in commercial quantities means the completion of a well that:

(1) Produces geothermal resources in commercial quantities; or

(2) Is capable of producing geothermal resources in commercial quantities so long as BLM determines that diligent efforts are being made toward the utilization of the geothermal resource.

Public lands means the same as defined in 43 U.S.C. 1702(e).

Record title means legal ownership of a geothermal lease established in BLM's records.

Relinquishment means the lessee's voluntary action to end the lease in whole or in part.

Secretary means the Secretary of the Interior or the Secretary's delegate.

Site license means BLM's written authorization to site a utilization facility on leased Federal lands.

Stipulation means additional conditions BLM attaches to a lease or permit.

Sublease means the lessee's conveyance of its interests in a lease to an operating rights owner. A sublessee is responsible for complying with all terms, conditions, and stipulations of the lease.

Subsequent well operations are those operations done to a well after it has been drilled. Examples of subsequent well operations include: cleaning the well out, surveying it, performing well tests, chemical stimulation, running a liner or another casing string, repairing existing casing, or converting the well from a producer to an injector or vice versa.

Sundry notice is your written request to perform work not covered by another type of permit, or to change operations in your previously approved permit.

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Surface management agency means any Federal agency, other than BLM, that is responsible for managing the surface overlying Federally-owned minerals.

Temperature gradient well means a well authorized under a geothermal exploration permit drilled in order to obtain information on the change in temperature over the depth of the well.

Transfer means any conveyance of an interest in a lease by assignment, sublease, or otherwise.

Unit agreement means an agreement to explore for, produce and utilize separately-owned interests in geothermal resources as a single consolidated unit. A unit agreement defines how costs and benefits will be allocated among the holders of interest in the unit area.

Unit area means all tracts committed to an approved unit agreement.

Unit operator means the person who has stated in writing to BLM that the interest owners of the committed leases have designated it as operator of the unit area.

Unitized substances means geothermal resources recovered from lands committed to a unit agreement.

Utilization Plan or plan of utilization means a plan which fully describes the utilization facility, including measures for environmental protection and mitigation.

Waste means:

(1) Physical waste, including refuse; or

(2) Improper use or unnecessary dissipation of geothermal resources through inefficient drilling, production, transmission, or utilization.

§ 3200.3 Changes in agency duties.

There are many leases and agreements currently in effect, and that will remain in effect, involving Federal geothermal resources leases that specifically refer to the United States Geological Survey, USGS, Minerals Management Service, MMS, or Conservation Division. These leases and agreements may also specifically refer to various officers such as Supervisor, Conservation Manager, Deputy Conservation Manager, Minerals Manager, and Deputy Minerals Manager. Those references must now be read to mean either the Bureau of Land Management

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or the Minerals Management Service, as appropriate. In addition, many leases and agreements specifically refer to 30 CFR part 270 or a specific section of that part. Effective December 3, 1982, references in such leases and agreements to 30 CFR part 270 should be read as references to this part 3200, which is the successor regulation to 30 CFR part 270.

§ 3200.4 What requirements must I comply with when taking any actions or conducting any operations under this part?

When you are taking any actions or conducting any operations under this part, you must comply with:

- (a) The Act and the regulations of this part;
- (b) Geothermal resource operational orders;
- (c) Notices to lessees;
- (d) Lease terms and stipulations;
- (e) Approved plans and permits;
- (f) Conditions of approval;
- (g) Verbal orders from BLM that will be confirmed in writing;
- (h) Other instructions from BLM; and
- (i) Any other applicable laws and regulations.

§ 3200.5 What are my rights of appeal?

(a) If you are adversely affected by a BLM decision under this part, you may appeal that decision under parts 4 and 1840 of this title.

(b) All BLM decisions or approvals under this part are immediately effective and remain in effect while appeals are pending unless a stay is granted in accordance with § 4.21(b) of this title.

§ 3200.6 What types of geothermal leases will BLM issue?

BLM will issue two types of geothermal leases:

(a) Geothermal leases (competitively issued under subpart 3203 or non-competitively issued under subpart 3204) which may be used for any type of geothermal use, such as commercial generation of electricity or direct use of the resource.

(b) Direct use leases (issued under subpart 3205).

§ 3200.7 What regulations apply to geothermal leases issued before August 8, 2005?

(a) *General applicability.* (1) Leases issued before August 8, 2005, are subject to this part and part 3280, except that such leases are subject to the BLM regulations in effect on August 8, 2005 (43 CFR parts 3200 and 3280 (2004)), with regard to regulatory provisions relating to royalties, minimum royalties, rentals, primary term and lease extensions, diligence and annual work requirements, and renewals.

(2) The lessee of a lease issued before August 8, 2005, may elect to be subject to all of the regulations in this part and part 3280, without regard to the exceptions in paragraph (a)(1) of this section. Such an election must occur no later than December 1, 2008. Any such election as it pertains to lease terms relating to royalty rates must be made under the royalty rate conversion provisions of subpart 3212. A lessee must obtain a royalty conversion under subpart 3212 to make an election under this paragraph effective.

(b) *Royalty rate conversion and production incentives.* The lessee of a lease issued before August 8, 2005, may:

(1) Choose to convert lease terms relating to royalty rates under subpart 3212; or

(2) If it does not convert lease terms relating to royalty rates, apply for a production incentive under subpart 3212 (if eligible under that subpart).

(c) *Two year extension.* The lessee of a lease issued before August 8, 2005, may apply to extend a lease that was within 2 years of the end of its term on August 8, 2005, for up to 2 years to allow achievement of production under the lease or to allow the lease to be included in a producing unit.

§ 3200.8 What regulations apply to leases issued in response to applications pending on August 8, 2005?

(a) Any leases issued in response to applications that were pending on August 8, 2005, are subject to this part and part 3280, except that such leases are subject to the BLM regulations in effect on August 8, 2005 (43 CFR parts 3200 and 3280 (2004)), with regard to regulatory provisions relating to royalties, minimum royalties, rentals, pri-

mary term and lease extensions, diligence and annual work requirements, and renewals.

(b)(1) The lessee of a lease issued pursuant to an application that was pending on August 8, 2005, may elect to be subject to all of the regulations in this part and part 3280, without regard to the exceptions in paragraph (a) of this section.

(2) For leases issued on or after August 8, 2005, and before June 1, 2007, an election under paragraph (b)(1) of this section must occur no later than December 1, 2008.

(3) For leases issued on or after June 1, 2007, the lease applicant must make its election under paragraph (b)(1) of this section and notify BLM before the lease is issued.

Subpart 3201—Available Lands**§ 3201.10 What lands are available for geothermal leasing?**

(a) BLM may issue leases on:

(1) Lands administered by the Department of the Interior, including public and acquired lands not withdrawn from such use;

(2) Lands administered by the Department of Agriculture with its concurrence;

(3) Lands conveyed by the United States where the geothermal resources were reserved to the United States; and

(4) Lands subject to Section 24 of the Federal Power Act, as amended (16 U.S.C. 818), with the concurrence of the Secretary of Energy.

(b) If your activities under your lease or permit might adversely affect a significant thermal feature of a National Park System unit, BLM will include stipulations to protect this thermal feature in your lease or permit. These stipulations will be added, if necessary, when your lease or permit is issued, extended, renewed or modified.

§ 3201.11 What lands are not available for geothermal leasing?

BLM will not issue leases for:

(a) Lands where the Secretary has determined that issuing the lease would cause unnecessary or undue degradation of public lands and resources;

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(b) Lands contained within a unit of the National Park System, or otherwise administered by the National Park Service;

(c) Lands within a National Recreation Area;

(d) Lands where the Secretary determines after notice and comment that geothermal operations, including exploration, development or utilization of lands, are reasonably likely to result in a significant adverse effect on a significant thermal feature within a unit of the National Park System;

(e) Fish hatcheries or wildlife management areas administered by the Secretary;

(f) Indian trust or restricted lands within or outside the boundaries of Indian reservations;

(g) The Island Park Geothermal Area; and

(h) Lands where Section 43 of the Mineral Leasing Act (30 U.S.C. 226-3) prohibits geothermal leasing, including:

(1) Wilderness areas or wilderness study areas administered by BLM or other surface management agencies;

(2) Lands designated by Congress as wilderness study areas, except where the statute designating the study area specifically allows leasing to continue; and

(3) Lands within areas allocated for wilderness or further planning in Executive Communication 1504, Ninety-Sixth Congress (House Document 96-119), unless such lands are allocated to uses other than wilderness by a land and resource management plan or are released to uses other than wilderness by an Act of Congress.

Subpart 3202—Lessee Qualifications

§ 3202.10 Who may hold a geothermal lease?

You may hold a geothermal lease if you are:

(a) A United States citizen who is at least 18 years old;

(b) An association of United States citizens, including a partnership;

(c) A corporation organized under the laws of the United States, any state or the District of Columbia; or

(d) A domestic governmental unit.

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§ 3202.11 Must I prove I am qualified to hold a lease when filing an application to lease?

You do not need to submit proof that you are qualified to hold a lease under § 3202.10 at the time you submit an application to lease, but BLM may ask you in writing for information about your qualifications at any time. You must submit the additional information to BLM within 30 days after you receive the request.

§ 3202.12 Are other persons allowed to act on my behalf to file an application to lease?

Another person may act on your behalf to file an application to lease. The person acting for you must be qualified to hold a lease under § 3202.10, and must do the following:

(a) Sign the application;

(b) State his or her title;

(c) Identify you as the person he or she is acting for; and

(d) Provide written proof of his or her qualifications and authority to take such action, if BLM requests it.

§ 3202.13 What happens if the applicant dies before the lease is issued?

If the applicant dies before the lease is issued, BLM will issue the lease to either the administrator or executor of the estate or the heirs. If the heirs are minors, BLM will issue the lease to either a legal guardian or trustee, provided that the legal guardian or trustee is qualified to hold a lease under § 3202.10.

Subpart 3203—Competitive Leasing

§ 3203.5 What is the general process for obtaining a geothermal lease?

(a) The competitive geothermal leasing process consists of the following steps:

(1)(i) Entities interested in geothermal development nominate lands by submitting to BLM descriptions of lands they seek to be included in a lease sale; or

(ii) BLM may include land in a competitive lease sale on its own initiative.

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(2) BLM provides notice of the parcels to be offered, and the time, location, and process for participating in the lease sale.

(3) BLM holds the lease sale and offers leases to the successful bidder.

(b) BLM will issue geothermal leases to the highest responsible qualified bidder after a competitive leasing process, except for situations where non-competitive leasing is allowed under subparts 3204 and 3205, which include:

(1) Lease applications pending on August 8, 2005;

(2) Lands for which no bid was received in a competitive lease sale;

(3) Direct use lease applications for which no competitive interest exists; and

(4) Lands subject to mining claims.

§ 3203.10 How are lands included in a competitive sale?

(a) A qualified company or individual may nominate lands for competitive sale by submitting an applicable BLM nomination form.

(b) A nomination is a description of lands that you seek to be included in one lease. Each nomination may not exceed 5,120 acres, unless the area to be leased includes an irregular subdivision. Your nomination must provide a description of the lands nominated by legal land description.

(1) For lands surveyed under the public land rectangular survey system, describe the lands to the nearest aliquot part within the legal subdivision, section, township, and range;

(2) For unsurveyed lands, describe the lands by metes and bounds, giving courses and distances, and tie this information to an official corner of the public land surveys, or to a prominent topographic feature;

(3) For approved protracted surveys, include an entire section, township, and range. Do not divide protracted sections into aliquot parts;

(4) For unsurveyed lands in Louisiana and Alaska that have water boundaries, discuss the description with BLM before submission; and

(5) For fractional interest lands, identify the United States mineral ownership by percentage.

(c) You may submit more than one nomination, as long as each nomination

separately satisfies the requirements of paragraph (b) of this section and includes the filing fee specified in § 3203.12.

(d) BLM may reconfigure lands to be included in each parcel offered for sale.

(e) BLM may include land in a lease sale on its own initiative.

§ 3203.11 Under what circumstances may parcels be offered as a block for competitive sale?

(a) As part of your nomination, you may request that lands be offered as a block at competitive sale by:

(1) Specifying that the lands requested will be associated with a project or unit; and

(2) Including information to support your request. BLM may require that you provide additional information.

(b) BLM may offer parcels as a block in response to a request under paragraph (a) of this section or on its own initiative. BLM will offer parcels as a block only if information is available to BLM indicating that a geothermal resource that could be produced as one unit can reasonably be expected to underlie such parcels.

§ 3203.12 What fees must I pay to nominate lands?

Submit with your nomination a filing fee for nominations of lands as found in the fee schedule in § 3000.12 of this chapter.

§ 3203.13 How often will BLM hold a competitive lease sale?

BLM will hold a competitive lease sale at least once every 2 years for lands available for leasing in a state that has nominations pending. A sale may include lands in more than one state. BLM may hold a competitive lease sale in a state that has no nominations pending.

§ 3203.14 How will BLM provide notice of a competitive lease sale?

(a) The lands available for competitive lease sale under this subpart will be described in a Notice of Competitive Geothermal Lease Sale, which will include:

(1) The lease sale format and procedures;

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(2) The time, date, and place of the lease sale; and

(3) Stipulations applicable to each parcel.

(b) At least 45 days before conducting a competitive lease sale, BLM will post the Notice in the BLM office having jurisdiction over the lands to be offered, and make it available for posting to surface managing agencies having jurisdiction over any of the included lands.

(c) BLM may take other measures of notification for the competitive sale such as:

- (1) Issuing news releases;
- (2) Notifying interested parties of the lease sale;
- (3) Publishing notice in the newspaper; or
- (4) Posting the list of parcels on the Internet.

§ 3203.15 How does BLM conduct a competitive lease sale?

(a) BLM will offer parcels for competitive bidding as specified in the sale notice.

(b) The winning bid will be the highest bid by a qualified bidder.

(c) You may not withdraw a bid. Your bid constitutes a legally binding commitment by you.

(d) BLM will reject all bids and re-offer a parcel if:

- (1) BLM determines that the high bidder is not qualified; or
- (2) The high bidder fails to make all payments required under § 3203.17.

§ 3203.17 How must I make payments if I am the successful bidder?

(a) You must make payments by personal check, cashier's check, certified check, bank draft, or money order payable to the "Department of the Interior—Bureau of Land Management" or by other means deemed acceptable by BLM.

(b) By the close of official business hours on the day of the sale or such other time as BLM may specify, you must submit for each parcel:

- (1) Twenty percent of the bid;
- (2) The total amount of the first year's rental; and
- (3) The processing fee for competitive lease applications found in the fee schedule in § 3000.12 of this chapter.

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(c) Within 15 calendar days after the last day of the sale, you must submit the balance of the bid to the BLM office conducting the sale.

(d) If you fail to make all payments required under this section, or fail to meet the qualifications in § 3202.10, BLM will revoke acceptance of your bid and keep all money that has been submitted.

§ 3203.18 What happens to parcels that receive no bids at a competitive lease sale?

Lands offered at a competitive lease sale that receive no bids will be available for leasing in accordance with subpart 3204.

Subpart 3204—Noncompetitive Leasing Other Than Direct Use Leases

§ 3204.5 How can I obtain a noncompetitive lease?

(a) Lands offered at a competitive lease sale that receive no bids will be available for noncompetitive leasing for a 2-year period beginning the first business day following the sale.

(b) You may obtain a noncompetitive lease for lands available exclusively for direct use of geothermal resources, under subpart 3205.

(c) The holder of a mining claim may obtain a noncompetitive lease for lands subject to the mining claim under § 3204.12.

(d) If your lease application was pending on August 8, 2005, you may obtain a noncompetitive lease under the leasing process in effect on that date, unless you notify BLM in writing that you elect for the lease application to be subject to the competitive leasing process specified in this subpart. If you elect for your lease application to be subject to the competitive leasing process in this subpart, your application will be considered a nomination for future competitive lease offerings for the lands in your application. An election made under this paragraph is not the same as an election made under § 3200.8.

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§ 3204.10 What payment must I submit with my noncompetitive lease application?

Submit the processing fee for noncompetitive lease applications found in the fee schedule in § 3000.12 of this chapter for each lease application, and an advance rent in the amount of \$1 per acre (or fraction of an acre). BLM will refund the advance rent if we reject the lease application or if you withdraw the lease application before BLM accepts it. If the advance rental payment you send is less than 90 percent of the correct amount, BLM will reject the lease application.

§ 3204.11 How may I acquire a noncompetitive lease for lands that were not sold at a competitive lease sale?

(a) For a 2-year period following a competitive lease sale, you may file a noncompetitive lease application for lands on which no bids were received, on a form available from BLM. Submit 2 executed copies of the applicable form to BLM. At least one form must have an original signature. We will accept only exact copies of the form on one 2-sided page.

(1) For 30 days after the competitive geothermal lease sale, noncompetitive applications will be accepted only for parcels as configured in the Notice of Competitive Geothermal Lease Sale.

(2) Subsequent to the 30-day period specified in paragraph (a)(1) of this section, you may file a noncompetitive application for any available lands covered by the competitive lease sale.

(b)(1) All applications for a particular parcel under this section will be considered simultaneously filed if received in the proper BLM office any time during the first business day following the competitive lease sale. You may submit only one application per parcel. An application will not be available for public inspection the day it is filed. BLM will randomly select an application among those accepted on the first business day to receive a lease offer.

(2) Subsequent to the first business day following the competitive lease sale, the first qualified applicant to submit an application will be offered the lease. If BLM receives simultaneous applications as to date and time

for overlapping lands, BLM will randomly select one to receive a lease offer.

§ 3204.12 How may I acquire a noncompetitive lease for lands subject to a mining claim?

If you hold a mining claim for which you have a current approved plan of operations, you may file a noncompetitive lease application for lands within the mining claim, on a form available from BLM. Submit two (2) executed copies of the applicable form to BLM, together with documentation of mining claim ownership and the current approved plan of operations for the mine. At least one form must have an original signature. We will accept only exact copies of the form on one 2-sided page.

§ 3204.13 How will BLM process noncompetitive lease applications pending on August 8, 2005?

Noncompetitive lease applications pending on August 8, 2005, will be processed under policies and procedures existing on that date unless the applicant notifies BLM in writing that it elects for the lease application to be subject to the competitive leasing process specified in this subpart, in which case the application will be considered a nomination for future competitive lease offerings for the lands in the application.

§ 3204.14 May I amend my application for a noncompetitive lease?

You may amend your application for a noncompetitive lease at any time before we issue the lease, provided your amended application meets the requirements in this subpart and does not add lands not included in the original application. To add lands, you must file a new application.

§ 3204.15 May I withdraw my application for a noncompetitive lease?

During the 30-day period after the competitive lease sale, BLM will only accept a withdrawal of the entire application. Following that 30-day period, you may withdraw your noncompetitive lease application in whole or in part at any time before BLM issues the lease. If a partial withdrawal causes

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your lease application to contain less than the minimum acreage required under § 3206.12, BLM will reject the application.

Subpart 3205—Direct Use Leasing

§ 3205.6 When may BLM issue a direct use lease to an applicant?

(a) BLM may issue a direct use lease to an applicant if the following conditions are satisfied:

(1) The lands included in the lease application are open for geothermal leasing;

(2) BLM determines that the lands are appropriate for exclusive direct use operations, without sale, for purposes other than commercial generation of electricity;

(3) The acreage covered by the lease application is not greater than the quantity of acreage that is reasonably necessary for the proposed use;

(4) BLM has published a notice of the land proposed for a direct use lease for 90 days before issuing the lease;

(5) During the 90-day period beginning on the date of publication, BLM did not receive any nomination to include the lands in the next competitive lease sale following that period for which the lands would be eligible;

(6) BLM determines there is no competitive interest in the resource; and

(7) The applicant is the first qualified applicant.

(b) If BLM determines that the land for which an applicant has applied under this subpart is open for geothermal leasing and is appropriate only for exclusive direct use operations, but determines that there is competitive interest in the resource, it will include the land in a competitive lease sale with lease stipulations limiting operations to exclusive direct use.

§ 3205.7 How much acreage should I apply for in a direct use lease?

You should apply for only the amount of acreage that is necessary for your intended operation. A direct use lease may not cover more than the quantity of acreage that BLM determines is reasonably necessary for the proposed use. In no case may a direct use lease exceed 5,120 acres, unless the

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area to be leased includes an irregular subdivision.

§ 3205.10 How do I obtain a direct use lease?

(a) You may file an application for a direct use lease for any lands on which BLM manages the geothermal resources, on a form available from BLM. You may not sell the geothermal resource and you may not use it for the commercial generation of electricity.

(b) In your application, you must also provide information that will allow BLM to determine how much acreage is reasonably necessary for your proposed use, including:

(1) A description of all anticipated structures, facilities, wells, and pipelines including their size, location, function, and associated surface disturbance;

(2) A description of the utilization process;

(3) A description and analysis of anticipated reservoir production, injection, and characteristics to the extent required by BLM; and

(4) Any additional information or data that we may require.

(c) Submit with your application the nonrefundable processing fee for non-competitive lease applications found in the fee schedule in § 3000.12 of this chapter for each direct use lease application.

§ 3205.12 How will BLM respond to direct use lease applications on lands managed by another agency?

BLM will respond to a direct use lease application on lands managed by another surface management agency by forwarding the application to that agency for its review. If that agency consents to lease issuance and recommends that the lands are appropriate for direct use operations, without sale, for purposes other than commercial generation of electricity, BLM will consider that consent and recommendation in determining whether to issue the lease. BLM may not issue a lease without the consent of the surface management agency.

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§ 3205.13 May I withdraw my application for a direct use lease?

You may withdraw your application for a direct use lease any time before issuance of a lease.

§ 3205.14 May I amend my application for a direct use lease?

You may amend your application for a direct use lease at any time before we issue the lease, provided your amended application meets the requirements in this subpart and does not add lands. To add lands, you must file a new application.

§ 3205.15 How will I know whether my direct use lease will be issued?

(a) If BLM decides to issue you a direct use lease, it will do so in accordance with this subpart and subpart 3206.

(b) If BLM decides to deny your application for a direct use lease, it will advise you of its decision in writing.

Subpart 3206—Lease Issuance

§ 3206.10 What must I do for BLM to issue a lease?

Before BLM issues any lease, you must:

- (a) Accept all lease stipulations;
- (b) Make all required payments to BLM;
- (c) Sign a unit joinder or waiver, if applicable; and
- (d) Comply with the maximum limit on acreage holdings (see §§ 3206.12 and 3206.16).

§ 3206.11 What must BLM do before issuing a lease?

For all leases, BLM must:

- (a) Determine that the land is available; and
- (b) Determine that your lease development will not have a significant adverse impact on any significant thermal feature within any of the following units of the National Park System:
 - (1) Mount Rainier National Park;
 - (2) Crater Lake National Park;
 - (3) Yellowstone National Park;
 - (4) John D. Rockefeller, Jr. Memorial Parkway;
 - (5) Bering Land Bridge National Preserve;

(6) Gates of the Arctic National Park and Preserve;

(7) Katmai National Park;

(8) Aniakchak National Monument and Preserve;

(9) Wrangell-St. Elias National Park and Preserve;

(10) Lake Clark National Park and Preserve;

(11) Hot Springs National Park;

(12) Big Bend National Park (including that portion of the Rio Grande National Wild Scenic River within the boundaries of Big Bend National Park);

(13) Lassen Volcanic National Park;

(14) Hawaii Volcanoes National Park;

(15) Haleakala National Park;

(16) Lake Mead National Recreation Area; and

(17) Any other significant thermal features within National Park System units that the Secretary may add to the list of these features, in accordance with 30 U.S.C. 1026(a)(3).

§ 3206.12 What are the minimum and maximum lease sizes?

Other than for direct use leases (the size for which is addressed in § 3205.7), the smallest lease we will issue is 640 acres, or all lands available for leasing in the section, whichever is less. The largest lease we will issue is 5,120 acres, unless the area to be leased includes an irregular subdivision. A lease must embrace a reasonably compact area.

§ 3206.13 What is the maximum acreage I may hold?

You may not directly or indirectly hold more than 51,200 acres in any one state.

§ 3206.14 How does BLM compute acreage holdings?

BLM computes acreage holdings as follows:

(a) If you own an undivided lease interest, your acreage holdings include the total lease acreage:

(b) If you own stock in a corporation or a beneficial interest in an association which holds a geothermal lease, your acreage holdings will include your proportionate part of the corporation's or association's share of the total lease acreage. This paragraph applies only if you own more than 10 percent of the

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corporate stock or a beneficial interest in the association; and

(c) If you own a lease interest, you will be charged with the proportionate share of the total lease acreage based on your share of the lease ownership. You will not be charged twice for the same acreage where you own both record title and operating rights for the lease. For example, if you own 50 percent record title interest in a 640 acre lease and 25 percent operating rights, you are charged with 320 acres.

§ 3206.15 How will BLM charge acreage holdings if the United States owns only a fractional interest in the geothermal resources in a lease?

Where the United States owns only a fractional interest in the geothermal resources of the lands in a lease, BLM will only charge you with the part owned by the United States as acreage holdings. For example, if you own 100 percent of record title in a 100 acre lease, and the United States owns 50 percent of the mineral estate, you are charged with 50 acres.

§ 3206.16 Is there any acreage which is not chargeable?

BLM does not count leased acreage included in any approved unit agreement, drilling contract, or development contract as part of your total state acreage holdings.

§ 3206.17 What will BLM do if my holdings exceed the maximum acreage limits?

BLM will notify you in writing if your acreage holdings exceed the limit in § 3206.13. You have 90 days from the date you receive the notice to reduce your holdings to within the limit. If you do not comply, BLM will cancel your leases, beginning with the lease most recently issued, until your holdings are within the limit.

§ 3206.18 When will BLM issue my lease?

BLM issues your lease the day we sign it. Your lease goes into effect the first day of the next month after the issuance date.

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Subpart 3207—Lease Terms and Extensions

§ 3207.5 What terms (time periods) apply to my lease?

Your lease may include a number of different time periods. Not every time period applies to every lease. These periods include:

- (a) A primary term consisting of:
 - (1) Ten years;
 - (2) An initial extension of the primary term for up to 5 years;
 - (3) An additional extension of the primary term for up to 5 years;
- (b) A drilling extension of 5 years under § 3207.14;
- (c) A production extension of up to 35 years; and
- (d) A renewal period of up to 55 years.

§ 3207.10 What is the primary term of my lease?

- (a) Leases have a primary term of 10 years.
- (b) BLM will extend the primary term for 5 years if:
 - (1) By the end of the 10th year of the primary term in paragraph (a), you have satisfied the requirements in § 3207.11; and
 - (2) At the end of each year after the 10th year of the lease, you have satisfied the requirements in § 3207.12(a) or (d) for that year.
- (c) BLM will extend the primary term for 5 additional years if:
 - (1) You satisfied the requirements of § 3207.12(b) or (d); and
 - (2) At the end of each year of the second 5-year extension you satisfy the requirements in § 3207.12(c) or (d) for that year.
- (d) If you do not satisfy the annual requirements during the initial or additional extension of your primary term, your lease terminates or expires.

§ 3207.11 What work am I required to perform during the first 10 years of my lease for BLM to grant the initial extension of the primary term of my lease?

- (a) By the end of the 10th year, you must expend a minimum of \$40 per acre in development activities that provide additional geologic or reservoir information, such as:

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(1) Geologic investigation and analysis;

(2) Drilling temperature gradient wells;

(3) Core drilling;

(4) Geochemical or geophysical surveys;

(5) Drilling production or injection wells;

(6) Reservoir testing; or

(7) Other activities approved by BLM.

(b) In lieu of the work requirement in paragraph (a) of this section, you may:

(1) Make a payment to BLM equivalent to the required work expenditure such that the total of the payment and the value of the work you perform equals \$40 per acre (or fraction thereof) of land included in your lease; or

(2) Submit documentation to BLM that you have produced or utilized geothermal resources in commercial quantities.

(c) Prior to the end of the 10th year of the primary term, you must submit detailed information to BLM demonstrating that you have complied with paragraph (a) or (b) of this section. Describe the activities by type, location, date(s) conducted, and the dollar amount spent on those operations. Include all geologic information obtained from your activities in your report. Submit additional information that BLM requires to determine compliance within the timeframe that we specify. We must approve the type of work done and the expenditures claimed in your report before we can credit them toward your requirements.

(d) If you do not perform development activities, make payments, or document production or utilization as required by this section, your lease will expire at the end of the 10-year primary term.

(e) If you complied with paragraph (c) of this section, but BLM has not determined by the end of the 10th year whether you have complied with the requirements of paragraph (a) or (b) of this section, upon request we will suspend your lease effective immediately before its expiration in order to determine your compliance. If we determine that you have complied, we will lift the suspension and grant the first 5-year extension of the primary term effective on the first day of the month following

our determination of compliance. If we determine that you have not complied, we will terminate the suspension and your lease will expire upon the date of the termination of the suspension.

(f) Every 3 calendar years the dollar amount of the work requirements and the amount to be paid in lieu of such work required by this section will automatically be updated. The update will be based on the change in the Implicit Price Deflator-Gross Domestic Product for those 3 years.

§ 3207.12 What work am I required to perform each year for BLM to continue the initial and additional extensions of the primary term of my lease?

(a) To continue the initial extension of the primary term of your lease, in each of lease years 11, 12, 13, and 14, you must expend a minimum of \$15 per acre (or fraction thereof) per year in development activities that establish a geothermal potential or confirm the existence of producible geothermal resources. Such activities include, but are not limited to:

(1) Geologic investigation and analysis;

(2) Drilling temperature gradient wells;

(3) Core drilling;

(4) Geochemical or geophysical surveys;

(5) Drilling production or injection wells;

(6) Reservoir testing; or

(7) Other activities approved by BLM.

(b) For BLM to grant the additional extension of the primary term of your lease, in year 15 you must expend a minimum of \$15 per acre (or fraction thereof) in development activities that provide additional geologic or reservoir information, such as those described in paragraph (a) of this section.

(c) To continue the additional extension of the primary term of your lease, in each of lease years 16, 17, 18, and 19, you must expend a minimum of \$25 per acre (or fraction thereof) per year in development activities that provide additional geologic or reservoir information, such as those described in paragraph (a) of this section.

(d) In lieu of the work requirements in paragraphs (a), (b), and (c) of this section, you may:

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(1) Submit documentation to BLM that you have produced or utilized geothermal resources in commercial quantities; or

(2) Make a payment to BLM equivalent to the required annual work expenditure such that the total of the payment and the value of the work you perform equals \$15 or \$25 per acre per year of land included in your lease, as applicable. BLM may limit the number of years that it will accept such payments if it determines that further payments in lieu of the work requirements would impair achievement of diligent development of the geothermal resources.

(e) Under paragraph (a) or paragraph (b) of this section, if you expend an amount greater than the amount specified, you may apply any payment in excess of the specified amount to any subsequent year within the applicable 5-year extension of the primary term. An excess payment during the first 5-year extension period may not be applied to any year within the second 5-year extension period.

(f) You must submit information to BLM showing that you have complied with the applicable requirements in this section no later than:

(1) 60 days after the end of years 11, 12, 13, and 14;

(2) 60 days before the end of year 15; and

(3) 60 days after the end of years 16, 17, 18, and 19.

(g) In your submission, describe your activities by type, location, date(s) conducted, and the dollar amount spent on those operations. Include all geologic information obtained from your activities in your report. We must approve the type of work done and the expenditures claimed in your report before we can credit them toward your requirements. We will notify you if you have not met the requirements.

(h) If you do not comply with the requirements of this section in any year of a 5-year extension of the primary term, BLM will terminate your lease at the end of that year unless you qualify for a drilling extension under § 3207.13.

(i) Every three calendar years the dollar amount of the work requirements and the amount to be paid in lieu of such work required by this sec-

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tion will automatically be updated. The update will be based on the change in the Implicit Price Deflator-Gross Domestic Product for those three years.

§ 3207.13 Must I comply with the requirements of §§ 3207.11 and 3207.12 when my lease overlies a mining claim?

(a) BLM will exempt you from complying with the requirements of §§ 3207.11 and 3207.12 when you demonstrate to BLM that:

(1) The mining claim has a plan of operations approved by the appropriate Federal land management agency; and

(2) Your development of the geothermal resource on the lease would interfere with the mining operations.

(b) The exemption provided under paragraph (a) of this section expires upon termination of the mining operations.

§ 3207.14 How do I qualify for a drilling extension?

(a) BLM will extend your lease for 5 years under a drilling extension if at the end of the 10th year or any subsequent year of the initial or additional extension of the primary term you:

(1) Have not met the requirements that you must satisfy for BLM to grant or to continue the initial or additional extensions of your primary lease term under § 3207.12, or your lease is in its 20th year;

(2) Commenced drilling a well before the end of such year for the purposes of testing or producing a geothermal reservoir; and

(3) Are diligently drilling to a target that BLM determines is adequate, based on the local geology and type of development you propose.

(b) The drilling extension is effective on the first day following the expiration or termination of the primary term.

(c) At the end of your drilling extension, your lease will expire unless you qualify for a production extension under § 3207.15.

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§ 3207.15 How do I qualify for a production extension?

(a) BLM will grant a production extension of up to 35 years, if you are producing or utilizing geothermal resources in commercial quantities.

(b) Before granting a production extension, BLM must determine that you:

(1) Have a well that is actually producing geothermal resources in commercial quantities; or

(2)(i) Have completed a well that is capable of producing geothermal resources in commercial quantities; and

(ii) Are making diligent efforts toward utilization of the resource.

(c) To qualify for a production extension under paragraph (b)(2) of this section, unless BLM specifies otherwise you must demonstrate on an annual basis that you are making diligent efforts toward utilization of the resource.

(d) BLM will make the determinations required under paragraphs (b)(1) and (b)(2)(i) of this section based on the information you provide under subparts 3264 and 3276 and any other information that BLM may require you to submit.

(e) For BLM to make the determination required under paragraph (b)(2)(ii) of this section, you must provide BLM with information, such as:

(1) Actions you have taken to identify and define the geothermal resource on your lease;

(2) Actions you have taken to negotiate marketing arrangements, sales contracts, drilling agreements, or financing for electrical generation and transmission projects;

(3) Current economic factors and conditions that would affect the decision of a prudent operator to produce or utilize geothermal resources in commercial quantities on your lease; and

(4) Other actions you have taken, such as obtaining permits, conducting environmental studies, and meeting permit requirements.

(f) Your production extension will begin on the first day of the month following the end of the primary term (including the initial and additional extensions) or the drilling extension.

(g) Your production extension will continue for up to 35 years as long as

the geothermal resource is being produced or utilized in commercial quantities. If you fail to produce or utilize geothermal resources in commercial quantities, BLM will terminate your lease unless you meet the conditions set forth in § 3212.15 or § 3213.19.

§ 3207.16 When may my lease be renewed?

You have a preferential right to renew your lease for a second term of up to 55 years, under such terms and conditions as BLM deems appropriate, if at the end of the production extension you are producing or utilizing geothermal resources in commercial quantities and the lands are not needed for any other purpose. The renewal term will continue for up to 55 years if you produce or utilize geothermal resources in commercial quantities and satisfy other terms and conditions BLM imposes.

§ 3207.17 How is the term of my lease affected by commitment to a unit?

(a) If your lease is committed to a unit agreement and its term would expire before the unit term would, BLM may extend your lease to match the term of the unit. We will do this if unit development has been diligently pursued while your lease is committed to the unit.

(b) To extend the term of a lease committed to a unit, the unit operator must send BLM a request for lease extension at least 60 days before the lease expires showing that unit development has been diligently pursued. BLM may require additional information.

(c) Within 30 days after receiving your complete extension request, BLM will notify the unit operator whether we approve.

§ 3207.18 Can my lease be extended if it is eliminated from a unit?

If your lease is eliminated from a unit under § 3283.6, it is eligible for an extension if it meets the requirements for such extension.

Subpart 3210—Additional Lease Information

§ 3210.10 When does lease segregation occur?

(a) Lease segregation occurs when:

(1) A portion of a lease is committed to a unit agreement while other portions are not committed; or

(2) Only a portion of a lease remains in a participating area when the unit contracts. The portions of the lease outside the participating area are eliminated from the unit agreement and segregated as of the effective date of the unit contraction.

(b) BLM will assign the original lease serial number to the portion within the agreement. BLM will give the lease portion outside the agreement a new serial number, and the same lease terms as the original lease.

§ 3210.11 Does a lease segregated from an agreement or plan receive any benefits from unitization of the committed portion of the original lease?

The new segregated lease stands alone and does not receive any of the benefits provided to the portion committed to the unit. We will not give you an extension for the eliminated portion of the lease based on status of the lands committed to the unit, including production in commercial quantities or the existence of a producible well.

§ 3210.12 May I consolidate leases?

BLM may approve your consolidation of two or more adjacent leases that have the same ownership and same lease terms, including expiration dates, if the combined leases do not exceed the size limitations in § 3206.12. We may consolidate leases that have different stipulations if all other lease terms are the same. You must include the processing fee for lease consolidations found in the fee schedule in § 3000.12 of this chapter with your request to consolidate leases.

§ 3210.13 Who may lease or locate other minerals on the same lands as my geothermal lease?

Anyone may lease or locate other minerals on the same lands as your

geothermal lease. The United States reserves the ownership of and the right to extract helium, oil, and hydrocarbon gas from all geothermal steam and associated geothermal resources. In addition, BLM allows mineral leasing or location on the same lands that are leased for geothermal resources, provided that operations under the mineral leasing or mining laws do not unreasonably interfere with or endanger your geothermal operations.

§ 3210.14 May BLM readjust the terms and conditions in my lease?

(a)(1) Except for rentals and royalties (readjustments of which are addressed in paragraph (b) of this section, BLM may readjust the terms and conditions of your lease 10 years after you begin production of geothermal resources from your lease, and at not less than 10-year intervals thereafter, under the procedures of paragraphs (c), (d), and (e) of this section.

(2) If another Federal agency manages the lands' surface, we will ask that agency to review the related terms and conditions and propose any readjustments. Once BLM and the surface managing agency reach agreement and the surface managing agency approves the proposed readjustment, we will follow the procedures in paragraphs (c), (d), and (e) of this section.

(b) BLM may readjust your lease rentals and royalties at not less than 20-year intervals beginning 35 years after we determine that your lease is producing geothermal resources in commercial quantities. BLM will not increase your rentals or royalties by more than 50 percent over the rental or royalties you paid before the readjustment.

(c) BLM will give you a written proposal to readjust the rentals, royalties, or other terms and conditions of your lease. You will have 30 days after you receive the proposal to file with BLM an objection in writing to the proposed new terms and conditions.

(d) If you do not object in writing or relinquish your lease, you will conclusively be deemed to have agreed to the proposed new terms and conditions. BLM will issue a written decision setting the date that the new terms and conditions become effective as part of

your lease. This decision will be in full force and effect under its own terms, and you are not authorized to appeal the BLM decision to the Office of Hearings and Appeals.

(e)(1) If you file a timely objection in writing, BLM may issue a written decision making the readjusted terms and conditions effective no sooner than 90 days after we receive your objections, unless we reach an agreement with you as to the readjusted terms and conditions of your lease that makes them effective sooner.

(2) If BLM does not reach an agreement with you by 60 days after we receive your objections, then either the lessee or BLM may terminate your lease, upon giving the other party 30 days' notice in writing. A termination under this paragraph does not affect your obligations that accrued under the lease when it was in effect, including those specified in § 3200.4.

§ 3210.15 What if I appeal BLM's decision to readjust my lease terms?

If you appeal BLM's decision under § 3210.14(e)(1) to readjust the rentals, royalties, or other terms and conditions of your lease, the decision is effective during the appeal. If you win your appeal and we must change our decision, you will receive a refund or credit for any overpaid rents or royalties.

§ 3210.16 How must I prevent drainage of geothermal resources from my lease?

You must prevent the drainage of geothermal resources from your lease by diligently drilling and producing wells that protect the Federal geothermal resource from loss caused by production from other properties.

§ 3210.17 What will BLM do if I do not protect my lease from drainage?

BLM will determine the amount of geothermal resources drained from your lease. MMS will bill you for a compensatory royalty based on our findings. This royalty will equal the amount you would have paid for producing those resources. All interest owners in a lease are jointly and severally liable for drainage protection and any compensatory royalties.

Subpart 3211—Filing and Processing Fees, Rent, Direct Use Fees, and Royalties

§ 3211.10 What are the processing and filing fees for leases?

(a) Processing or filing fees are required for the following actions:

- (1) Nomination of lands for competitive leasing;
- (2) Competitive lease application;
- (3) Noncompetitive lease application (including application for direct use leases);
- (4) Assignment and transfer of record title or operating right;
- (5) Name change, corporate merger, or transfer to heir/devisee;
- (6) Lease consolidation;
- (7) Lease reinstatement;
- (8) Site license application; and
- (9) Assignment or transfer of site license.

(b) The amounts of these fees can be found in § 3000.12 of this chapter.

[72 FR 24400, May 2, 2007, as amended at 72 FR 50887, Sept. 5, 2007]

§ 3211.11 What are the annual lease rental rates?

(a) BLM calculates annual rent based on the amount of acreage covered by your lease. To determine lease acreage for this section, round up any partial acreage up to the next whole acre. For example, the annual rent on a 2,456.39 acre lease is calculated based on 2,457 acres.

(b) For leases issued on or after August 8, 2005 (other than leases issued in response to applications that were pending on that date for which no election is made under § 3200.8(b)(1)), and for leases issued before August 8, 2005, for which an election is made under § 3200.7(a)(2), the rental rate is as follows:

(1) If you obtained your lease through a competitive lease sale, then your annual rent is \$2 per acre for the first year, and \$3 per acre for the second through tenth year;

(2) If you obtained your lease noncompetitively, then your annual rent is \$1 per acre for the first 10 years; and

(3) After the tenth year, your annual rent will be \$5 per acre, regardless of whether you obtained your lease

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through a competitive lease sale or noncompetitively.

(c) For leases issued before August 8, 2005, for which no election is made under § 3200.7(a)(2), and for leases issued in response to applications pending on that date for which no election is made under § 3200.8(b)(1), the rental rate is the rate prescribed in the regulations in effect on August 8, 2005 (43 CFR 3211.10 (2004)).

(d) For leases in which the United States owns only a fractional interest in the geothermal resources, BLM will prorate the rents established in paragraphs (a), (b), and (c) of this section, based on the fractional interest owned by the United States. For example, if the United States owns 50 percent of the geothermal resources in a 640 acre lease, you pay rent based on 320 acres.

§ 3211.12 How and where do I pay my rent?

(a) *First year.* Pay BLM the first year's rent in advance. You may use a personal check, cashier's check, or money order made payable to the Department of the Interior—Bureau of Land Management. You may also make payments by credit card or electronic funds transfer with our prior approval.

(b) *Subsequent years.* For all subsequent years, make your rental payments to MMS. See MMS regulations at 30 CFR part 218.

§ 3211.13 When is my annual rental payment due?

Your rent is always due in advance. MMS must receive your annual rental payment by the anniversary date of the lease each year. See the MMS regulations at 30 CFR part 218, which explain when MMS considers a payment as received. If less than a full year remains on a lease, you must still pay a full year's rent by the anniversary date of the lease. For example, the rent on a 2,000-acre lease for the 11th year, would be \$10,000 (\$5 per acre), due prior to the 10th anniversary of the lease.

§ 3211.14 Will I always pay rent on my lease?

(a) For leases issued on or after August 8, 2005 (other than leases issued in response to applications that were pending on that date for which no elec-

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tion is made under § 3200.8(b)(1)), and for leases issued before August 8, 2005, for which an election is made under § 3200.7(a)(2), you must always pay rental, whether you are in a unit or outside of a unit, whether your lease is in production or not, and whether royalties or direct use fees apply to your production.

(b) For leases issued before August 8, 2005, for which no election is made under § 3200.7(a)(2), and for leases issued in response to applications pending on that date for which no election is made under § 3200.8(b)(1), you must pay rent for all the lands in your lease until:

(1) Your lease achieves production in commercial quantities, at which time you pay royalties; or

(2) Lands in your lease are within the participating area of a unit agreement or cooperative plan, at which time you pay rent for lands outside the participating area and pay royalties for lands within the participating area.

§ 3211.15 How do I credit rent towards royalty?

You may credit rental towards royalty under MMS regulations at 30 CFR 218.303.

§ 3211.16 Can I credit rent towards direct use fees?

No. You may not credit rental towards direct use fees. See MMS regulations at 30 CFR 218.304.

§ 3211.17 What is the royalty rate on geothermal resources produced from or attributable to my lease that are used for commercial generation of electricity?

(a) For leases issued on or after August 8, 2005 (other than leases issued in response to applications that were pending on that date for which the lessee does not make an election under § 3200.8(b)(1)), the royalty rate is the rate prescribed in this paragraph.

(1) If you or your affiliate sell(s) electricity generated by use of geothermal resources produced from or attributed to your lease, then:

(i) For the first 10 years of production, the royalty rate is 1.75 percent;

(ii) After the first 10 years of production, the royalty rate is 3.5 percent; and

(iii) You must apply the rate established under this paragraph to the gross proceeds derived from the sale of electricity under applicable MMS rules at 30 CFR part 206, subpart H.

(2) If you or your affiliate sell(s) geothermal resources produced from or attributed to your lease at arm's length to a purchaser who uses those resources to generate electricity, then the royalty rate is 10 percent. You must apply that rate to the gross proceeds derived from the arm's-length sale of the geothermal resources under applicable MMS rules at 30 CFR part 206, subpart H.

(b) For leases issued before August 8, 2005, whose royalty terms are modified to the terms prescribed in the Energy Policy Act of 2005 under §3212.25, BLM will establish royalty rates under paragraphs (b)(1) and (b)(2) of this section.

(1) For leases that, prior to submitting a request to modify the royalty rate terms of the lease under section 3212.26, produced geothermal resources for the commercial generation of electricity, or to which geothermal resource production for the commercial generation of electricity was attributed:

(i) If you or your affiliate uses geothermal resources produced from or attributed to your lease to generate and sell electricity, BLM will establish a rate on a case-by-case basis that it expects will yield total royalty payments over the life of the lease equivalent to those that would have been paid under the royalty rate in effect for the lease before August 5, 2005. The rate is not limited to the range of rates specified in 30 U.S.C. 1004(a)(1). You must apply the rate that BLM establishes to the gross proceeds derived from the sale of electricity under applicable MMS rules at 30 CFR part 206, subpart H.

(ii) If you or your affiliate sells geothermal resources produced from or attributed to your lease at arm's length to a purchaser who uses those resources to generate electricity, the royalty rate is the rate specified in the lease instrument. You must apply that rate to the gross proceeds derived from the arm's-length sale of the geothermal resources under applicable MMS rules at 30 CFR part 206, subpart H.

(2) For leases that, prior to submitting a request to modify the royalty rate terms of the lease under section 3212.26, did not produce geothermal resources for the commercial generation of electricity, and to which geothermal resource production for the commercial generation of electricity was not attributed, BLM will establish royalty rates equal to those set forth in paragraph (a)(1) or (a)(2) of this section, whichever is applicable.

(c) For leases issued before August 8, 2005, whose royalty terms are not modified to the terms prescribed in the Energy Policy Act of 2005 under §3212.25, and for leases issued in response to applications pending on that date for which the lessee does not make an election under §3200.8(b)(1), the royalty rate is the rate prescribed in the lease instrument.

§3211.18 What is the royalty rate on geothermal resources produced from or attributable to my lease that are used directly for purposes other than commercial generation of electricity?

(a) For leases issued on or after August 8, 2005 (other than leases issued in response to applications that were pending on that date for which the lessee does not make an election under §3200.8(b)), and for leases issued before August 8, 2005, whose royalty terms are modified to the terms prescribed in the Energy Policy Act of 2005 under §3212.25:

(1) If you or your affiliate use(s) the geothermal resources directly and do(es) not sell those resources at arm's length, no royalty rate applies. Instead, you must pay direct use fees according to a schedule published by MMS under MMS regulations at 30 CFR 206.356.

(2) If you or your affiliate sell(s) the geothermal resources at arm's length to a purchaser who uses the resources for purposes other than commercial generation of electricity, your royalty rate is 10 percent. You must apply that royalty rate to the gross proceeds derived from the arm's-length sale under applicable MMS regulations at 30 CFR part 206, subpart H.

(3) If you are a lessee and you are a state, tribal, or local government, no royalty rate applies. Instead you must

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pay a nominal fee established under MMS rules at 30 CFR 206.366.

(b) For leases issued before August 8, 2005, whose royalty terms are not modified to the terms prescribed in the Energy Policy Act of 2005 under § 3212.25, and for leases issued in response to applications pending on that date for which the lessee does not make an election under § 3200.8(b), the royalty rate is the rate prescribed in the lease instrument.

(c) For purposes of this section, direct use of geothermal resources includes generation of electricity that is not sold commercially and that is used solely for the operation of a facility unrelated to commercial electrical generation.

§ 3211.19 What is the royalty rate on byproducts derived from geothermal resources produced from or attributable to my lease?

(a) For leases issued on or after August 8, 2005 (other than leases issued in response to applications that were pending on that date for which no election is made under § 3200.8(b)(1)), and for leases issued before August 8, 2005, for which an election is made under § 3200.7(a)(2):

(1) The royalty rate for byproducts derived from geothermal resource production that are identified in Section 1 of the Mineral Leasing Act (MLA), as amended (30 U.S.C. 181), is the royalty rate that is prescribed in the MLA or in the regulations implementing the MLA for production of that mineral under a lease issued under the MLA; and

(2) For a byproduct that is not identified in 30 U.S.C. 181, no royalty is due.

(b) For leases issued before August 8, 2005, for which no election is made under § 3200.7(a)(2), and for leases issued in response to applications pending on that date for which no election is made under § 3200.8(b)(1), the royalty on all byproducts is the rate prescribed in the lease instrument, or if none is prescribed in the lease instrument, the rate prescribed in 43 CFR 3211.10(b) (2004).

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§ 3211.20 How do I credit advanced royalty towards royalty?

You may credit advanced royalty toward royalty under MMS regulations at 30 CFR 218.305(c).

§ 3211.21 When do I owe minimum royalty?

(a) You do not owe minimum royalties for:

(1) Leases issued on or after August 8, 2005 (other than for leases issued in response to applications that were pending on that date for which no election is made under § 3200.8(b)(1)); and

(2) Leases issued before August 8, 2005, for which an election is made under § 3200.7(a)(2).

(b) For leases issued before August 8, 2005, for which no election is made under § 3200.7(a)(2), and for leases issued in response to applications pending on that date for which no election is made under § 3200.8(b)(1), you owe minimum royalty of \$2.00 per acre (to be paid to MMS) when:

(1) You have not begun actual production following the BLM's determination that you have a well capable of commercial production; or

(2) The value of actual production is so low that royalty you would pay under the scheduled rate is less than \$2.00 per acre (this applies to situations of no production, as long as the lease remains in effect).

Subpart 3212—Lease Suspensions, Cessation of Production, Royalty Rate Reductions, and Energy Policy Act Royalty Rate Conversions

§ 3212.10 What is the difference between a suspension of operations and production and a suspension of operations?

(a) A suspension of operations and production is a temporary relief from production obligations which you may request from BLM. Under this paragraph you must cease all operations on your lease.

(b) A suspension of operations is when BLM orders you, to stop production temporarily in the interest of conservation.

§ 3212.11 How do I obtain a suspension of operations or a suspension of operations and production on my lease?

(a) If you are the operator, you may request in writing that BLM suspend your operations and production for a producing lease. Your request must fully describe why you need the suspension. BLM will determine if your suspension is justified and, if so, will approve it.

(b) BLM may suspend your operations on any lease in the interest of conservation.

(c) A suspension under this section may include leases committed to an approved unit agreement. If leases committed to a unit are suspended, the unit operator must continue to satisfy unit terms and obligations, unless BLM also suspends unit terms and obligations, in whole or in part, under subpart 3287.

§ 3212.12 How long does a suspension of operations or a suspension of operations and production last?

(a) BLM will state in your suspension notice how long your suspension of operations or operations and production is effective.

(b) During a suspension, you may ask BLM in writing to terminate your suspension. You may not unilaterally terminate a suspension that BLM ordered. A suspension of operations and production that we approved upon your request will automatically terminate when you begin or resume authorized production or drilling operations.

(c) If we receive information showing that you must resume operations to protect the interests of the United States, we will terminate your suspension and order you to resume production.

(d) If a suspension terminates, you must resume paying rents and royalty (see § 3212.14).

§ 3212.13 How does a suspension affect my lease term and obligations?

(a) If BLM approves a suspension of operations and production:

(1) Your lease term is extended by the length of time the suspension is in effect; and

(2) You are not required to drill, produce geothermal resources, or pay rents or royalties during the suspension. We will suspend your obligation to pay lease rents or royalties beginning the first day of the month following the date the suspension is effective.

(b) If BLM orders you to suspend your operations;

(1) Your lease term is extended by the length of time the suspension is in effect; and

(2) Your lease rental or royalty obligations are not suspended, except that BLM may suspend your rental or royalty obligations if you will be denied all beneficial use of your lease during the period of the suspension.

§ 3212.14 What happens when the suspension ends?

When the suspension ends, you must resume rental and royalty payments that were suspended, beginning on the first day of the lease month after BLM terminates the suspension. You must pay the full rental amount due on or before the next lease anniversary date. If you do not make the rental payments on time, BLM will refund your balance and terminate the lease.

§ 3212.15 Will my lease remain in effect if I cease production and I do not have an approved suspension?

In the absence of a suspension issued under § 3212.11, if you cease production for more than one calendar month on a lease that is subject to royalties and that has achieved commercial production (through actual or allocated production), your lease will remain in effect only if the circumstances described in paragraphs (a), (b), or (c) of this section apply:

(a)(1) For leases issued on or after August 8, 2005 (other than leases issued in response to applications pending on that date for which no election is made under § 3200.8(b)(1)), and for leases issued before August 8, 2005, for which an election is made under § 3200.7(a)(2), your lease will remain in effect if, during the period in which there is no production, you continue to pay a monthly advanced royalty under MMS regulations at 30 CFR 218.305. This option is available only for an aggregate of 10

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years (120 months, whether consecutive or not).

(2) For leases issued before August 8, 2005, for which no election is made under § 3200.7(a)(2), and for leases issued in response to applications pending on August 8, 2005, for which no election is made under § 3200.8(b)(1), your lease will remain in effect if, during the period in which there is no production you:

(i) Continue to make minimum royalty payments as specified in § 3211.21(b) of this part;

(ii) Maintain a well capable of production in commercial quantities;

(iii) Continue to make diligent efforts to utilize the geothermal resource; and

(iv) Satisfy any other applicable requirements.

(b) The Secretary:

(1) Requires or causes the cessation of production; or

(2) Determines that the cessation in production is required or otherwise caused by:

(i) The Secretary of the Air Force, Army, or Navy;

(ii) A state or a political subdivision of a state; or

(iii) Force majeure.

(c) The discontinuance of production is caused by the performance of maintenance necessary to maintain operations. Such maintenance is considered a production activity, not a cessation of production, and maintenance may include activities such as overhauling your power plant, re-drilling or re-working wells that are critical to plant operation, or repairing and improving gathering systems or transmission lines, that necessitate the discontinuation of production. You must obtain BLM approval by submitting a Geothermal Sundry Notice if the activity will require more than one calendar month, for it to be classified as maintenance under this paragraph. The BLM must receive the Geothermal Sundry Notice before the end of the first calendar month in which there will be no production.

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§ 3212.16 Can I apply to BLM to reduce, suspend, or waive the royalty or rental of my lease?

(a) You may apply for a suspension, reduction, or waiver of your rent or royalty for any lease or portion thereof. BLM may grant your request in the interest of conservation and to encourage the greatest ultimate recovery of geothermal resources, if we determine that:

(1) Granting the request is necessary to promote development; or

(2) You cannot successfully operate the lease under its current terms.

(b) BLM will not approve a rental or royalty reduction, suspension, or waiver unless all rental or royalty interest owners other than the United States accept a similar reduction, suspension, or waiver.

§ 3212.17 What information must I submit when I request that BLM suspend, reduce, or waive my royalty or rental?

(a) Your request for suspension, reduction, or waiver of the royalty or rental must include all information BLM needs to determine if the lease can be operated under its current terms, including:

(1) The type of reduction you seek;

(2) The serial number of your lease;

(3) The names and addresses of the lessee and operator;

(4) The location and status of wells;

(5) A summary of monthly production from your lease; and

(6) A detailed statement of expenses and costs.

(b) If you are applying for a royalty or rental reduction, suspension, or waiver, you must also provide to BLM a list of names of royalty and rental interest owners other than the United States, the amounts of royalties or payments out of production and rent paid to them, and every effort you have made to reduce these payments.

§ 3212.18 What are the production incentives for leases?

You will receive a production incentive in the form of a temporary 50 percent reduction in your royalties under MMS regulations at 30 CFR 218.307 if:

(a) Your lease was in effect prior to August 8, 2005;

(b) You do not convert the royalty rates of your lease under § 3212.25;

(c) By August 7, 2011, production from or allocated to your lease is utilized for commercial production in a:

(1) New facility (see § 3212.22); or

(2) Qualified expansion project (see § 3212.21); and

(d) The production from your lease is used for the commercial generation of electricity.

§ 3212.19 How do I apply for a production incentive?

Submit to BLM a written request for a production incentive describing a project that may qualify as a new facility or qualified expansion project. Identify whether you are requesting that the project be considered as a new facility (see § 3212.22) or as a qualified expansion project (see § 3212.21) and explain why your project qualifies under these regulations. The request must be received no later than August 7, 2011.

§ 3212.20 How will BLM review my request for a production incentive?

(a) BLM will review your request on a case-by-case basis to determine whether your project meets the criteria for a qualified expansion project under § 3212.21 or a new facility under § 3212.22. If it does not meet the criteria for the type of project you requested, we will determine whether it meets the criteria for the other type of production incentive project.

(b) If BLM determines that you have a qualified expansion project, we will, as part of our approval, provide you with a schedule of monthly target net generation amounts that you must exceed to qualify for the production incentive. These amounts will quantify the required 10 percent increase in net generation over the projected net generation without the project. The schedule will be specific to the facility or facilities that are affected by the project and will cover the 48-month time period during which your production incentive may apply.

(c) If BLM determines that you have met the criteria for a new facility, we will provide you with written notification of this determination.

§ 3212.21 What criteria establish a qualified expansion project for the purpose of obtaining a production incentive?

A qualified expansion project must meet the following criteria:

(a) It must involve substantial capital expenditure. Examples include the drilling of additional wells, retrofitting existing wells and collection systems to increase production rates, retrofitting turbines or power plant components to increase efficiency, adding additional generation capacity to existing plants, and enhanced recovery projects such as augmented injection. Projects that are not associated with substantial capital expenditure, such as opening production valves and operating existing equipment at higher rates, do not qualify as expansion projects.

(b) The project must have the potential to increase the net generation by more than 10 percent over the projected generation without the project, using data from the previous 5 years. If 5 years of data are not available, it is not a qualified expansion project.

§ 3212.22 What criteria establish a new facility for the purpose of obtaining a production incentive?

(a) Criteria for determining whether a project is a new facility for the purpose of obtaining a production incentive include:

(1) The project requires a new site license or facility construction permit if it is on Federal lands;

(2) The project requires a new Commercial Use Permit;

(3) The project includes at least one new turbine-generator unit;

(4) The project involves a new sales contract;

(5) The project involves a new site or substantially larger footprint; and

(6) The project is not contiguous to an existing project.

(b) Generally, a new facility will not:

(1) Be permitted only with a Geothermal Drilling Permit;

(2) Be constructed entirely within the footprint of an existing facility; or

(3) Involve only well-field projects such as drilling new wells, increasing injection, and enhanced recovery projects.

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§ 3212.23 How will the production incentive apply to a qualified expansion project?

(a) The production incentive will begin on the first day of the month following the commencement of commercial operation of the qualified expansion project. The incentive will be in effect for up to 48 consecutive months, applicable only to those months in which the actual generation from the facility or facilities affected by the project exceeds the target generation established by BLM. The amount of the production incentive is established in MMS regulations at 30 CFR 218.307.

(b) The production incentive will apply only to the increase in net generation. The increase in generation for any month in which the production incentive is in effect will be determined as follows:

$$\Delta G_i = G_{a,i} - \frac{G_{t,i}}{1.1}$$

where:

i is a month for which a production incentive is in effect;

ΔG_i is the increase in generation for month i to which the production incentive applies;

$G_{a,i}$ is the actual generation in month i ;

$G_{t,i}$ is the target generation in month i , as provided in § 3212.19(b).

§ 3212.24 How will the production incentive apply to a new facility?

(a) If BLM determines that your project qualifies as a new facility, the production incentive will begin on the first day of the month following the commencement of commercial operations at that facility, and will be in effect for 48 consecutive months. The incentive applies to the entire commercial generation of electricity from the new facility.

(b) The amount of the production incentive is established in MMS regulations at 30 CFR 218.307.

§ 3212.25 Can I convert the royalty rate terms of my lease in effect before August 8, 2005, to the terms of the Geothermal Steam Act, as amended by the Energy Policy Act of 2005?

(a) If a lease was in effect before August 8, 2005, the lessee may submit to

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BLM a request to modify the royalty rate terms of your lease to the applicable royalty rate or direct use fee terms prescribed in the Geothermal Steam Act as amended by the Energy Policy Act of 2005. You may withdraw your request before it is granted, but once you accept the new terms, you may not revert to the earlier royalty rates. If your request to modify is granted, the new royalty rate or direct use fees will apply to all geothermal resources produced from your lease for as long as your lease remains in effect. A modification under this section does not affect the royalty rate for byproducts.

(b)(1) The royalty rate for leases whose terms are modified and production from which is used for commercial generation of electricity is prescribed in § 3211.17(b).

(2) The direct use fees or royalty rate for leases whose terms are modified and production from which is used directly for purposes other than commercial generation of electricity is prescribed in § 3211.18(a) of this part and MMS regulations at 30 CFR 206.356.

§ 3212.26 How do I submit a request to modify the royalty rate terms of my lease to the applicable terms prescribed in the Energy Policy Act of 2005?

(a) You must submit a written request to BLM that contains the serial numbers of the leases whose terms you wish to modify and:

(1) For direct use operations, any other information that BLM may require; or

(2) For commercial electrical generation operations, for each month during the 10-year period preceding the date of your request (or from when electrical generation operations began if less than 10 years before the date of your request):

(i) The gross proceeds received by you or your affiliate from the sale of electricity;

(ii) The amount of royalty paid;

(iii) The amount of generating and transmission deductions subtracted from the gross proceeds to derive the royalty value if you are using the geothermal netback procedure under MMS regulations to calculate royalty value; and

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(iv) Any other information that BLM may require.

(b) BLM must receive your request no later than:

(1) For leases whose geothermal resource production is used directly for purposes other than commercial generation of electricity, 18 months after the effective date of the schedule of fees established by MMS under 30 CFR 206.356(b); or

(2) For leases whose geothermal resource production is used for commercial generation of electricity, December 1, 2008.

§ 3212.27 How will BLM or MMS review my request to modify the lease royalty rate terms?

After you submit your request to modify the royalty rate terms under § 3212.25, BLM will:

(a) Review your application, and if BLM determines that:

(1) Your application is complete and contains all necessary information, we will notify you of the date on which your complete request was received; or

(2) Your request is not complete or does not contain all necessary information, we will notify you of the additional information that is required;

(b) Analyze the data you submitted to establish a royalty rate if the geothermal resources are used for commercial electrical generation;

(c) Consult with MMS and any state or local governments that may be affected by the change in royalty rate terms; and

(d)(1) No later than 140 days after the day on which we determine a complete request with all necessary information was received, BLM will send you written notification of the proposed royalty rate that BLM determines to be revenue neutral.

(2) If you reject the proposed rate, we must receive written notification from you no later than 30 days after the date of your receipt of our notification. BLM will accept a faxed notification received within the 30-day time limit. However, following the fax, you must submit to BLM written notification which BLM must receive no later than the 179th day following the day on which BLM determines we received your complete request.

(3) If you reject the proposed royalty rate on a timely basis:

(i) BLM will not issue a decision modifying the royalty rate terms of your lease;

(ii) The existing royalty rate terms in your lease continue to apply; and

(iii) You may not reapply for a royalty rate term conversion under § 3212.25.

(4) Unless timely written notification is received from you rejecting the proposed rate, BLM will issue a decision modifying the royalty rate terms of your lease no later than 180 days after the day on which we determine a complete request was received. The effective date of the new royalty rate is the first day of the month following the date on which the decision was issued. For example, a decision issued on July 21, will become effective on August 1.

Subpart 3213—Relinquishment, Termination, and Cancellation

§ 3213.10 Who may relinquish a lease?

Only the record title owner may relinquish a lease in full or in part. If there is more than one record title owner for a lease, all record title owners must sign the relinquishment.

§ 3213.11 What must I do to relinquish a lease?

Send BLM a written request that includes the serial number of each lease you are relinquishing. If you are relinquishing the entire lease, no legal description of the land is required. If you are relinquishing part of the lease, you must describe the lands to be relinquished. BLM may require additional information if necessary.

§ 3213.12 May BLM accept a partial relinquishment if it will reduce my lease to less than 640 acres?

Except for direct use leases, lands remaining in your lease must contain at least 640 acres, or all of your leased lands must be in one section, whichever is less. Otherwise, we will not accept your partial relinquishment. BLM will only allow an exception if it will further development of the resource. The size of direct use leases is addressed in § 3205.07.

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§ 3213.13 When does relinquishment take effect?

(a) If BLM determines your relinquishment request meets the requirements of §§ 3213.11 and 3213.12, your relinquishment is effective the day we receive it.

(b) Notwithstanding the relinquishment, you and your surety continue to be responsible for:

(1) Paying all rents and royalties due before the relinquishment was effective;

(2) Plugging and abandoning all wells on the relinquished land;

(3) Restoring and reclaiming the surface and other resources; and

(4) Complying with § 3200.4.

§ 3213.14 Will BLM terminate my lease if I do not pay my rent on time?

(a) If MMS does not receive your second and subsequent year's rental payment in full by the lease anniversary date, MMS will notify you that the rent payment is overdue. You have 45 days after the anniversary date to pay the rent plus a 10 percent late fee. If MMS does not receive your rental plus the late fee by the end of the 45-day period, BLM will terminate your lease.

(b) If you receive notification from MMS under paragraph (a) of this section more than 15 days after the lease anniversary date, BLM will reinstate a lease that was terminated under paragraph (a) of this section if MMS receives the rent plus a 10 percent late fee within 30 days after you receive the notification.

§ 3213.15 How will BLM notify me if it terminates my lease?

BLM will send you a notice of the termination by certified mail, return receipt requested.

§ 3213.16 May BLM cancel my lease?

(a) BLM may cancel your lease if it was issued in error.

(b) If BLM cancels your lease because it was issued in error, the cancellation is effective when you receive it.

§ 3213.17 May BLM terminate my lease for reasons other than non-payment of rentals?

BLM may terminate your lease for reasons other than non-payment of

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rentals, after giving you 30 days written notice, if we determine that you violated the requirements of § 3200.4, including, but not limited to the non-payment of royalties and fees under 30 CFR parts 206 and 218.

§ 3213.18 When is a termination effective?

If BLM terminates your lease because we determined that you violated the requirements of § 3200.4, the termination takes effect 30 days after the date you receive notice of our determination.

§ 3213.19 What can I do if BLM notifies me that my lease is being terminated because of a violation of the law, regulations, or lease terms?

(a) You can prevent termination of your lease if, within 30 days after receipt of our notice:

(1) You correct the violation; or

(2) You show us that you cannot correct the violation during the 30-day period and that you are making a good faith attempt to correct the violation as quickly as possible, and thereafter you diligently proceed to correct the violation.

(b)(1) You may appeal the lease termination. You have 30 days after receipt of our notice to file an appeal (see parts 4 and 1840 of this title). We will stay the termination of your lease while your appeal is pending.

(2) You are entitled to a hearing on the violation or the proposed lease termination if you request the hearing when you file the appeal. The period for correction of the violation will be extended to 30 days after the decision on appeal is made if the decision concludes that a violation exists.

Subpart 3214—Personal and Surety Bonds

§ 3214.10 Who must post a geothermal bond?

(a) The lessee or operator must post a bond with BLM before exploration, drilling, or utilization operations begin.

(b) Before we approve a lease transfer or recognize a new designated operator, the lessee or operator must file a new bond or a rider to the existing bond,

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unless all previous operations on the land have already been reclaimed.

§ 3214.11 Who must my bond cover?

Your bond must cover all record title owners, operating rights owners, operators, and any person who conducts operations on your lease.

§ 3214.12 What activities must my bond cover?

Your bond must cover:

- (a) Any activities related to exploration, drilling, utilization, or associated operations on a Federal lease;
- (b) Reclamation of the surface and other resources;
- (c) Rental and royalty payments; and
- (d) Compliance with the requirements of § 3200.4.

§ 3214.13 What is the minimum dollar amount required for a bond?

The minimum bond amount varies depending on the type of activity you are proposing and whether your bond will cover individual, statewide, or nationwide activities. The minimum dollar amounts and bonding options for each type of activity are found in the following regulations:

- (a) Exploration operations—see § 3251.15;
- (b) Drilling operations—see § 3261.18; and
- (c) Utilization operations—see §§ 3271.12 and 3273.19.

§ 3214.14 May BLM increase the bond amount above the minimum?

(a) BLM may increase the bond amount above the minimums referenced in § 3214.13 when:

- (1) We determine that the operator has a history of noncompliance;
 - (2) We previously had to make a claim against a surety because any one person who is covered by the new bond failed to plug and abandon a well and reclaim the surface in a timely manner;
 - (3) MMS has notified BLM that a person covered by the bond owes uncollected royalties; or
 - (4) We determine that the bond amount will not cover the estimated reclamation cost.
- (b) We may increase bond amounts to any level, but we will not set that

amount higher than the total estimated costs of plugging wells, removing structures, and reclaiming the surface and other resources, plus any uncollected royalties due MMS or moneys owed to BLM due to previous violations.

§ 3214.15 What kind of financial guarantee will BLM accept to back my bond?

We will not accept cash bonds. We will only accept:

- (a) Corporate surety bonds, provided that the surety company is approved by the Department of Treasury (see Department of the Treasury Circular No. 570, which is published in the FEDERAL REGISTER every year on or about July 1); and
- (b) Personal bonds, which are secured by a cashier's check, certified check, certificate of deposit, negotiable securities such as Treasury notes, or an irrevocable letter of credit (see §§ 3214.21 and 3214.22).

§ 3214.16 Is there a special bond form I must use?

You must use a BLM-approved bond form (Form 3000-4, or Form 3000-4a, June 1988 or later editions) for corporate surety bonds and personal bonds.

§ 3214.17 Where must I submit my bond?

File personal or corporate surety bonds and statewide bonds in the BLM State Office that oversees your lease or operations. You may file nationwide bonds in any BLM State Office. File bond riders in the BLM State Office where your underlying bond is located. For personal or corporate surety bonds, file one originally-signed copy of the bond.

§ 3214.18 Who will BLM hold liable under the lease and what are they liable for?

BLM will hold all interest owners in a lease jointly and severally liable for compliance with the requirements of § 3200.4 for obligations that accrue while they hold their interest. Among other things, all interest owners are jointly and severally liable for:

- (a) Plugging and abandoning wells;

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- (b) Reclaiming the surface and other resources;
- (c) Compensatory royalties assessed for drainage; and
- (d) Rent and royalties due.

§ 3214.19 What are my bonding requirements when a lease interest is transferred to me?

(a) Except as otherwise provided in this section, if the lands to be transferred to you contain a well or any other surface disturbance which the original lessee did not reclaim, you must post a bond under this subpart before BLM will approve the transfer.

(b) If the original lessee does not transfer all interest in the lease to you, you may become a co-principal on the original bond, rather than posting a new bond.

(c) You do not need to post an additional bond if:

- (1) You previously furnished a state-wide or nationwide bond sufficient to cover the lands transferred; or
- (2) The operator provided the original bond, and the operator does not change.

§ 3214.20 How do I modify my bond?

You may modify your bond by submitting a rider to the BLM State Office where your bond is held. There is no special form required.

§ 3214.21 What must I do if I want to use a certificate of deposit to back my bond?

Your certificate of deposit must:

(a) Be issued by a Federally-insured financial institution authorized to do business in the United States;

(b) Include on its face the statement, "This certificate cannot be redeemed by any party without approval by the Secretary of the Interior or the Secretary's delegate;" and

(c) Be payable to the Department of the Interior, Bureau of Land Management.

§ 3214.22 What must I do if I want to use a letter of credit to back my bond?

Your letter of credit must:

(a) Be issued by a Federally-insured financial institution authorized to do business in the United States;

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(b) Be payable to the Department of the Interior—Bureau of Land Management;

(c) Be irrevocable during its term and have an initial expiration date of no sooner than 1 year after the date we receive it;

(d) Be automatically renewable for a period of at least 1 year beyond the end of the current term, unless the issuing financial institution gives us written notice, at least 90 days before the letter of credit expires, that it will no longer renew the letter of credit; and

(e) Include a clause authorizing the Secretary of the Interior to demand immediate payment, in part or in full:

(i) If you do not meet your obligations under the requirements of § 3200.4; or

(ii) Provide substitute security for a letter of credit which the issuer has stated it will not renew before the letter of credit expires.

Subpart 3215—Bond Release, Termination, and Collection

§ 3215.10 When may BLM collect against my bond?

If you fail to comply with the requirements listed at § 3200.4, we may collect money from the bond to correct your noncompliance. This amount can be as large as the face amount of the bond. Some examples of when we will collect against your bond are when you do not properly or in a timely manner:

- (a) Plug and abandon a well;
- (b) Reclaim the lease area;
- (c) Pay outstanding royalties; or
- (d) Pay assessed royalties to compensate for drainage.

§ 3215.11 Must I replace my bond after BLM collects against it?

If BLM collects against your bond, before you conduct any further operations you must either:

- (a) Post a new bond equal to the value of the original bond; or
- (b) Restore your existing bond to the original face amount.

§ 3215.12 What will BLM do if I do not restore the face amount or file a new bond?

If we collect against your bond and you do not restore it to the original

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face amount, we may shut in any well(s) or utilization facilities covered by that bond and may terminate affected leases.

§ 3215.13 Will BLM terminate or release my bond?

(a) BLM does not cancel or terminate bonds. We may inform you that your existing bond is insufficient.

(b) The bond provider may terminate your bond provided it gives you and BLM 30-days notice. The bond provider remains responsible for obligations that accrued during the period of liability while the bond was in effect.

(c) BLM will release a bond, terminating all liability under that bond, if:

(1) The new bond that you file covers all existing liabilities and we accept it; or

(2) After a reasonable period of time, we determine that you paid all royalties, rents, penalties, and assessments, and satisfied all permit and lease obligations.

(d) If an adequate bond is not in place, do not conduct any operations until you provide a new bond that meets our requirements.

§ 3215.14 When BLM releases my bond, does that end my responsibilities?

When BLM releases your bond, we relinquish the security but we continue to hold the lessee or operator responsible for noncompliance with applicable requirements under the lease. Specifically, we do not waive any legal claim we may have against any person under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 *et seq.*), or other laws and regulations.

Subpart 3216—Transfers

§ 3216.10 What types of lease interests may I transfer?

You may transfer record title or operating rights, but you need BLM ap-

proval before your transfer is effective (see § 3216.21).

§ 3216.11 Where must I file a transfer request?

File your transfer in the BLM State Office that handles your lease.

§ 3216.12 When does a transferee take responsibility for lease obligations?

After BLM approves your transfer, the transferee is responsible for performing all lease obligations accruing after the date of the transfer, and for plugging and abandoning wells which exist and are not plugged and abandoned at the time of the transfer.

§ 3216.13 What are my responsibilities after I transfer my interest?

After you transfer an interest in a lease you are still responsible for rents, royalties, compensatory royalties, and other obligations that accrued before your transfer became effective. You also remain responsible for plugging and abandoning any wells that were drilled or existing on the lease while you held your interest. You must carry out this responsibility upon the BLM's determination at any future time that the wells must be plugged and abandoned.

§ 3216.14 What filing fees and forms does a transfer require?

With each transfer request you must send BLM the correct form and pay the transfer fee required by this section. When you calculate your fee, make sure it covers the full amount. For example, if you are transferring record title for three leases, submit \$225 with the application.

Use the following chart to determine the number and types of forms required. The applicable transfer fees are in the fee schedule in § 3000.12 of this chapter.

Type of transfer	Form required?	Form No.	Number of copies
(a) Record Title	Yes	3000-3	2 executed copies.
(b) Operating Rights	Yes	3000-3(a)	2 executed copies.
(c) Estate Transfers	No	N/A	1 List of Leases.
(d) Corporate Mergers	No	N/A	1 List of Leases.
(e) Name Changes	No	N/A	1 List of Leases.

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§ 3216.15 When must I file my transfer request?

(a) File a request to transfer record title or operating rights within 90 days after you sign an agreement with the transferee. If BLM receives your request more than 90 days after signing, we may require you to re-certify that you still intend to complete the transfer.

(b) There is no specific time deadline for filing estate transfers, corporate mergers, and name changes. File them within a reasonable time.

§ 3216.16 Must I file separate transfer requests for each lease?

File two copies of a separate request for each lease for which you are transferring record title or operating rights. The only exception is if you are transferring more than one lease to the same transferee, in which case you file two copies of one transfer request.

§ 3216.17 Where must I file estate transfers, corporate mergers, and name changes?

(a) If you have posted a bond for any Federal lease, you must file estate transfers, corporate mergers, and name changes in the BLM State Office that maintains your bond.

(b) If you have not posted a bond, you must file estate transfers, corporate mergers, and name changes in the State Office having jurisdiction over the lease.

§ 3216.18 How do I describe the lands in my lease transfer?

(a) If you are transferring an interest in your entire lease, you do not need to give BLM a legal description of the land.

(b) If you are transferring an interest in a portion of your lease, describe the lands that are transferred in the same way they are described in the lease.

§ 3216.19 May I transfer record title interest for less than 640 acres?

Except for direct use leases, you may transfer record title interest for less than 640 acres only if your transfer includes an irregular subdivision or all of the lands in your lease are in a section. We may make an exception to the min-

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imum acreage requirements if it is necessary to conserve the resource.

§ 3216.20 When does a transfer segregate a lease?

If you transfer 100 percent of the record title interest in a portion of your lease, BLM will segregate the transferred portion from the original lease and give it a new serial number with the same terms and conditions as those in the original lease.

§ 3216.21 When is my transfer effective?

Your transfer is effective the first day of the month after we approve it.

§ 3216.22 Does BLM approve all transfer requests?

BLM will not approve a transfer if:

- (a) The lease account is not in good standing;
- (b) The transferee does not qualify to hold a lease under this part; or
- (c) An adequate bond has not been provided.

Subpart 3217—Cooperative Agreements

§ 3217.10 What are unit agreements?

Under unit agreements, lessees unite with each other, or jointly or separately with others, in collectively adopting and operating under agreements to conserve the resources of any geothermal reservoir, field, or like area, or any part thereof. BLM will only approve unit agreements that we determine are in the public interest. Unit agreement application procedures are provided in part 3280 of this chapter.

§ 3217.11 What are communitization agreements?

Under communitization agreements (also called drilling agreements), operators who cannot independently develop separate tracts due to well-spacing or well development programs may cooperatively develop such tracts. Lessees may ask BLM to approve a communitization agreement or, in some cases, we may require the lessees to enter into such an agreement.

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§ 3217.12 What does BLM need to approve my communitization agreement?

For BLM to approve a communitization agreement, you must give us the following information:

- (a) The location of the separate tracts comprising the drilling or spacing unit;
- (b) How you will prorate production or royalties to each separate tract based on total acres involved;
- (c) The name of each tract operator; and
- (d) Provisions for protecting the interests of all parties, including the United States.

§ 3217.13 When does my communitization agreement go into effect?

- (a) Your communitization agreement is effective when BLM approves and signs it.
- (b) Before we approve the agreement:
 - (1) All parties must sign the agreement; and
 - (2)(i) We must determine that the tracts cannot be independently developed; and
 - (ii) That the agreement is in the public interest.

§ 3217.14 When will BLM approve my drilling or development contract?

BLM may approve a drilling or development contract when:

- (a) One or more geothermal lessees enter into the contract with one or more persons; or
- (b) Lessees need the contract for regional exploration of geothermal resources;
- (c) BLM has coordinated the review of the proposed contract with appropriate state agencies; and
- (d) BLM determines that approval best serves or is necessary for the conservation of natural resources, public convenience or necessity, or the interests of the United States.

§ 3217.15 What does BLM need to approve my drilling or development contract?

For BLM to approve your drilling or development contract, you must send us:

- (a) The contract and a statement of why you need it;
- (b) A statement of all interests held by the contracting parties in that geothermal area or field;
- (c) The type of operations and schedule set by the contract;
- (d) A statement that the contract will not violate Federal antitrust laws by concentrating control over the production or sale of geothermal resources; and
- (e) Any other information we may require to make a decision about the contract or to attach conditions of approval.

Subpart 3250—Exploration Operations—General

§ 3250.10 When do the exploration operations regulations apply?

- (a) The exploration operations regulations contained in this subpart and subparts 3251 through 3256 apply to geothermal exploration operations:
 - (1) On BLM-administered public lands, whether or not they are leased for geothermal resources; and
 - (2) On lands whose surface is managed by another Federal agency, where BLM has leased the subsurface geothermal resources and the lease operator wishes to conduct exploration. In this case, we will consult with the surface managing agency regarding surface use and reclamation requirements before we approve the exploration operations.
- (b) These regulations do not apply to:
 - (1) Unleased land administered by another Federal agency;
 - (2) Unleased geothermal resources whose surface land is managed by another Federal agency;
 - (3) Privately owned land; or
 - (4) Casual use activities.

§ 3250.11 May I conduct exploration operations on my lease, someone else's lease, or unleased land?

- (a) You may request BLM approval to explore any BLM-managed public lands open to geothermal leasing, even if the lands are leased to another person. A BLM-approved exploration permit does not give you exclusive rights.
- (b) If you wish to conduct operations on your lease, you may do so after we

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have approved your Notice of Intent to Conduct Geothermal Resource Exploration Operations. If the lands are already leased, your operations may not unreasonably interfere with or endanger those other operations or other authorized uses, or cause unnecessary or undue degradation of the lands.

§ 3250.12 What general standards apply to exploration operations?

BLM-approved exploration operations must:

- (a) Meet all operational and environmental standards;
- (b) Protect public health, safety, and property;
- (c) Prevent unnecessary impacts on surface and subsurface resources;
- (d) Be conducted in a manner consistent with the principles of multiple use; and
- (e) Comply with the requirements of § 3200.4.

§ 3250.13 What additional BLM orders or instructions govern exploration?

BLM may issue the following types of orders or instructions:

- (a) Geothermal resource operational orders that contain detailed requirements of nationwide applicability;
- (b) Notices to lessees that contain detailed requirements on a statewide or regional basis;
- (c) Other orders and instructions specific to a field or area;
- (d) Conditions of approval contained in an approved Notice of Intent; and
- (e) Verbal orders that BLM will confirm in writing.

§ 3250.14 What types of operations may I propose in my application to conduct exploration?

(a) You may propose any activity fitting the definition of “exploration operations” in § 3200.1. Submit Form 3200-9, Notice of Intent to Conduct Geothermal Resource Exploration Operations, together with the information required under § 3251.11, and BLM will review your proposal.

(b) The exploration operations regulations do not address drilling wells intended for production or injection, which is covered in subpart 3260, or geothermal resources utilization, which is covered in subpart 3270.

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Subpart 3251—Exploration Operations: Getting BLM Approval

§ 3251.10 Do I need a permit before I start exploration operations?

BLM must approve a Notice of Intent to Conduct Geothermal Resource Exploration Operations (NOI) before you conduct exploration operations. The approved NOI, including any necessary conditions for approval, constitutes your permit.

§ 3251.11 What information is in a complete Notice of Intent to Conduct Geothermal Resource Exploration Operations application?

To obtain approval of exploration operations on BLM-managed lands, your application must:

- (a) Include a complete and signed Form 3200-9, Notice of Intent to Conduct Geothermal Resource Exploration Operations that describes the lands you wish to explore;
- (b) For operations other than drilling temperature gradient wells, describe your exploration plans and procedures, including the approximate starting and ending dates for each phase of operations;
- (c) For drilling temperature gradient wells, describe your drilling and completion procedures, and include, for each well or for several wells you propose to drill in an area of geologic and environmental similarity:
 - (1) A detailed description of the equipment, materials, and procedures you will use;
 - (2) The depth of each well;
 - (3) The casing and cementing program;
 - (4) The circulation media (mud, air, foam, etc.);
 - (5) A description of the logs that you will run;
 - (6) A description and diagram of the blowout prevention equipment you will use during each phase of drilling;
 - (7) The expected depth and thickness of fresh water zones;
 - (8) Anticipated lost circulation zones;
 - (9) Anticipated temperature gradient in the area;
 - (10) Well site layout and design;
 - (11) Existing and planned access roads or ancillary facilities; and

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(12) Your source of drill pad and road building material and water supply.

(d) Show evidence of bond coverage (see § 3251.15);

(e) Estimate how much surface disturbance your exploration may cause;

(f) Describe the proposed measures you will take to protect the environment and other resources;

(g) Describe methods to reclaim the surface; and

(h) Include all other information BLM may require.

§ 3251.12 What action will BLM take on my Notice of Intent to Conduct Geothermal Resource Exploration Operations?

(a) When BLM receives your Notice of Intent to Conduct Geothermal Resource Exploration Operations, we will make sure it is complete and signed, and review it for compliance with the requirements of § 3200.4.

(b) If the proposed operations are located on lands described under § 3250.10(a)(2), we will consult with the Federal surface management agency before approving your Notice of Intent.

(c) We will check your Notice of Intent for technical adequacy and we may require additional information.

(d) We will notify you if we need more information to process your Notice of Intent, and suspend the review of your Notice of Intent until we receive the information.

(e) After our review, we will notify you whether we approved or denied your Notice of Intent and of any conditions of approval.

§ 3251.13 Once I have an approved Notice of Intent, how can I change my exploration operations?

Send BLM a complete and signed Form 3260-3, Geothermal Sundry Notice, which fully describes the requested changes. Do not proceed with the change in operations until you receive written approval from BLM.

§ 3251.14 Do I need a bond for conducting exploration operations?

(a) You must not start any exploration operations on BLM-managed lands until we approve your bond. You may meet the requirement for an exploration bond in two ways:

(1) If you have an existing nationwide or statewide oil and gas exploration bond, provide a rider in an amount we have specified to include geothermal resources exploration operations; or

(2) If you must file a new bond for geothermal exploration, the minimum amounts are:

(i) \$5,000 for a single operation;

(ii) \$25,000 for all of your operations within a state; and

(iii) \$50,000 for all of your operations on public lands nationwide.

(b) See subparts 3214 and 3215 for additional details on bonding procedures.

§ 3251.15 When will BLM release my bond?

BLM will release your bond after you request it and we determine that you have:

(a) Plugged and abandoned all wells;

(b) Reclaimed the land and, if necessary, resolved other environmental, cultural, scenic, or recreational issues; and

(c) Complied with the requirements of § 3200.4.

Subpart 3252—Conducting Exploration Operations

§ 3252.10 What operational standards apply to my exploration operations?

You must keep exploration operations under control at all times by:

(a) Conducting training during your operation to ensure that your personnel are capable of performing emergency procedures quickly and effectively;

(b) Using properly maintained equipment; and

(c) Using operational practices that allow for quick and effective emergency response.

§ 3252.11 What environmental requirements must I meet when conducting exploration operations?

(a) You must conduct your exploration operations in a manner that:

(1) Protects the quality of surface and subsurface waters, air, and other natural resources, including wildlife, soil, vegetation, and natural history;

(2) Protects the quality of cultural, scenic, and recreational resources;

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(3) Accommodates other land uses, as BLM deems necessary; and

(4) Minimizes noise.

(b) You must remove or, with our permission, properly store all equipment and materials not in use.

(c) You must provide and use pits, tanks, and sumps of adequate capacity. They must be designed to retain all materials and fluids resulting from drilling temperature gradient wells or other operations, unless we have specified otherwise in writing. When they are no longer needed, you must properly abandon pits and sumps in accordance with your exploration permit.

(d) BLM may require you to submit a contingency plan describing procedures to protect public health, safety, property, and the environment.

§ 3252.12 How deep may I drill a temperature gradient well?

(a) You may drill a temperature gradient well to any depth that we approve in your exploration permit or sundry notice. In all cases, you may not flow test the well or perform injection tests of the well unless you follow the procedures for geothermal drilling operations in subparts 3260 through 3267.

(b) BLM may modify your permitted depth at any time before or during drilling, if we determine that the bottom hole temperature or other information indicates that drilling to the original permitted depth could directly encounter the geothermal resource or create risks to public health, safety, property, the environment, or other resources.

§ 3252.13 How long may I collect information from my temperature gradient well?

You may collect information from your temperature gradient well for as long as your permit allows.

§ 3252.14 How must I complete a temperature gradient well?

Complete temperature gradient wells to allow for proper abandonment, and to prevent interzonal migration of fluids. Cap all tubing when not in use.

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§ 3252.15 When must I abandon a temperature gradient well?

When you no longer need it, or when BLM requires you to.

§ 3252.16 How must I abandon a temperature gradient well?

(a) Before abandoning your well, submit a complete and signed Sundry Notice, Form 3260-3, describing how you plan to abandon wells and reclaim the surface. Do not begin abandoning wells or reclaiming the surface until BLM approves your Sundry Notice.

(b) You must plug and abandon your well for permanent prevention of interzonal migration of fluids and migration of fluids to the surface. You must reclaim your well location according to the terms of BLM approvals and orders.

Subpart 3253—Reports: Exploration Operations

§ 3253.10 Must I share with BLM the data I collect through exploration operations?

(a) For exploration operations on your geothermal lease, you must submit all data you obtain as a result of the operations with a signed notice of completion of exploration operations under § 3253.11, unless we approve a later submission.

(b) For exploration operations on unleased lands or on leased lands where you are not the lessee or unit operator, you are not required to submit data. However, if you want your exploration operations to count toward your diligent exploration expenditure requirement (see § 3210.13), or if you are making significant expenditures to extend your lease (see § 3208.14), you must send BLM the resulting data under the rules of those sections.

§ 3253.11 Must I notify BLM when I have completed my exploration operations?

After you complete exploration operations, send to BLM a complete and signed notice of completion of exploration operations, describing the exploration operations, well history, completion and abandonment procedures, and site reclamation measures. You

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must send this to BLM within 30 days after you:

- (a) Complete any geophysical exploration operations;
- (b) Complete the drilling of temperature gradient well(s) approved under your approved Notice of Intent to conduct exploration;
- (c) Plug and abandon a temperature gradient well; and
- (d) Plug shot holes and reclaim all exploration sites.

Subpart 3254—Inspection, Enforcement, and Noncompliance for Exploration Operations

§ 3254.10 May BLM inspect my exploration operations?

BLM may inspect your exploration operations to ensure compliance with the requirements of § 3200.4 and the regulations in this subpart.

§ 3254.11 What will BLM do if my exploration operations are not in compliance with my permit, other BLM approvals or orders, or the regulations in this part?

(a) BLM will issue you a written Incident of Noncompliance and direct you to correct the problem within a set time. If the noncompliance continues or is serious in nature, we will take one or more of the following actions:

- (1) Correct the problem at your expense;
- (2) Direct you to modify or shut down your operations; or
- (3) Collect all or part of your bond.

(b) We may also require you to take actions to prevent unnecessary impacts on the lands. If so, we will notify you of the nature and extent of any required measures and the time you have to complete them.

(c) Noncompliance may result in BLM terminating your lease, if appropriate under §§ 3213.17 through 3213.19.

Subpart 3255—Confidential, Proprietary Information

§ 3255.10 Will BLM disclose information I submit under these regulations?

All Federal and Indian data and information submitted to the BLM are

subject to part 2 of this title. Part 2 includes the regulations of the Department of the Interior covering public disclosure of data and information contained in Department records. Certain mineral information not protected from disclosure under part 2 may be made available for inspection without a Freedom of Information Act (FOIA) request.

§ 3255.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?

When you submit data and information that you believe to be exempt from disclosure by 43 CFR part 2, you must clearly mark each page that you believe contains confidential information. BLM will keep all data and information confidential to the extent allowed by 43 CFR 2.13(c).

§ 3255.12 How long will information I give BLM remain confidential or proprietary?

The FOIA (5 U.S.C. 552) does not provide a finite period of time during which information may be exempt from public disclosure. BLM will review each situation individually and in accordance with part 2 of this title.

§ 3255.13 How will BLM treat Indian information submitted under the Indian Mineral Development Act?

Under the Indian Mineral Development Act of 1982 (IMDA) (25 U.S.C. 2101 *et seq.*), the Department of the Interior will hold as privileged proprietary information of the affected Indian or Indian tribe:

(a) All findings forming the basis of the Secretary's intent to approve or disapprove any Minerals Agreement under IMDA; and

(b) All projections, studies, data, or other information concerning a Minerals Agreement under IMDA, regardless of the date received, related to:

- (1) The terms, conditions, or financial return to the Indian parties;
- (2) The extent, nature, value, or disposition of the Indian mineral resources; or
- (3) The production, products, or proceeds thereof.

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§ 3255.14 How will BLM administer information concerning other Indian minerals?

For information concerning Indian minerals not covered by § 3255.13, BLM will withhold such records as may be withheld under an exemption to the FOIA when it receives a request for information related to tribal or Indian minerals held in trust or subject to restrictions on alienation.

§ 3255.15 When will BLM consult with Indian mineral owners when information concerning their minerals is the subject of a FOIA request?

(a) We use the standards and procedures of § 2.15(d) of this title before making a decision about the applicability of FOIA exemption 4 to information obtained from a person outside the United States Government.

(b) BLM will notify the Indian mineral owner(s) identified in the records of the Bureau of Indian Affairs (BIA), and BIA, and give them a reasonable period of time to state objections to disclosure. BLM will issue this notice following consultation with a submitter under § 2.15(d) of this title if:

(1) BLM determines that the submitter does not have an interest in withholding the records that can be protected under FOIA; and

(2) BLM has reason to believe that disclosure of the information may result in commercial or financial injury to the Indian mineral owner(s), but is uncertain that such is the case.

Subpart 3256—Exploration Operations Relief and Appeals

§ 3256.10 How do I request a variance from BLM requirements that apply to my exploration operations?

(a) You may submit a request for a variance for your exploration operations from any requirement in § 3200.4. Your request must include enough information to explain:

(1) Why you cannot comply with the regulatory requirement; and

(2) Why you need the variance to control your well, conserve natural resources, or protect public health and safety, property, or the environment.

(b) BLM may approve your request orally or in writing. If we give you an

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oral approval, we will follow up with written confirmation.

§ 3256.11 How may I appeal a BLM decision regarding my exploration operations?

You may appeal a BLM decision regarding your exploration operations in accordance with § 3200.5.

Subpart 3260—Geothermal Drilling Operations—General

§ 3260.10 What types of geothermal drilling operations are covered by these regulations?

(a) The regulations in subparts 3260 through 3267 establish permitting and operating procedures for drilling wells and conducting related activities for the purposes of performing flow tests, producing geothermal fluids, or injecting fluids into a geothermal reservoir. These subparts also address redrilling, deepening, plugging back, and other subsequent well operations.

(b) The operations regulations in subparts 3260 through 3267 do not address conducting exploration operations, which are covered in subpart 3250, or geothermal resources utilization, which is covered in subpart 3270.

§ 3260.11 What general standards apply to my drilling operations?

Your drilling operations must:

(a) Meet all environmental and operational standards;

(b) Prevent unnecessary impacts on surface and subsurface resources;

(c) Conserve geothermal resources and minimize waste;

(d) Protect public health, safety, and property; and

(e) Comply with the requirements of § 3200.4.

§ 3260.12 What other orders or instructions may BLM issue?

BLM may issue:

(a) Geothermal resource operational orders for detailed requirements that apply nationwide;

(b) Notices to Lessees for detailed requirements on a statewide or regional basis;

(c) Other orders and instructions specific to a field or area;

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(d) Permit conditions of approval; and

(e) Oral orders, which will be confirmed in writing.

Subpart 3261—Drilling Operations: Getting a Permit

§ 3261.10 How do I get approval to begin well pad construction?

(a) If you do not have an approved geothermal drilling permit, Form 3260-2, apply using a completed and signed Sundry Notice, Form 3260-3, to build well pads and access roads. Send us a complete operations plan (see § 3261.12) and an acceptable bond with your Sundry Notice. You may start well pad construction after we approve your Sundry Notice.

(b) If you already have an approved drilling permit and you have provided an acceptable bond, you do not need any further permission from BLM to start well pad construction, unless you intend to change something in the approved permit. If you propose a change in an approved permit, send us a completed and signed Sundry Notice so we may review your proposed change. Do not proceed with the change until we approve your Sundry Notice.

§ 3261.11 How do I apply for approval of drilling operations and well pad construction?

(a) Send to BLM:

(1) A completed and signed drilling permit application, Form 3260-2;

(2) A complete operations plan (§ 3261.12);

(3) A complete drilling program (§ 3261.13); and

(4) An acceptable bond (§ 3261.18).

(b) Do not start any drilling operations until after BLM approves the permit.

§ 3261.12 What is an operations plan?

An operations plan describes how you will drill for and test the geothermal resources covered by your lease. Your plan must tell BLM enough about your proposal to allow us to assess the environmental impacts of your operations. This information should generally include:

(a) Well pad layout and design;

(b) A description of existing and planned access roads;

(c) A description of any ancillary facilities;

(d) The source of drill pad and road building material;

(e) The water source;

(f) A statement describing surface ownership;

(g) A description of procedures to protect the environment and other resources;

(h) Plans for surface reclamation; and

(i) Any other information that BLM may require.

§ 3261.13 What is a drilling program and how do I apply for drilling program approval?

(a) A drilling program describes all the operational aspects of your proposal to drill, complete, and test a well.

(b) Send to BLM:

(1) A detailed description of the equipment, materials, and procedures you will use;

(2) The proposed/anticipated depth of the well;

(3) If you plan to directionally drill your well, also send us:

(i) The proposed bottom hole location and distances from the nearest section or tract lines;

(ii) The kick-off point;

(iii) The direction of deviation;

(iv) The angle of build-up and maximum angle; and

(v) Plan and cross section maps indicating the surface and bottom hole locations;

(4) The casing and cementing program;

(5) The circulation media (mud, air, foam, etc.);

(6) A description of the logs that you will run;

(7) A description and diagram of the blowout prevention equipment you will use during each phase of drilling;

(8) The expected depth and thickness of fresh water zones;

(9) Anticipated lost circulation zones;

(10) Anticipated reservoir temperature and pressure;

(11) Anticipated temperature gradient in the area;

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(12) A plat certified by a licensed surveyor showing the surveyed surface location and distances from the nearest section or tract lines;

(13) Procedures and durations of well testing; and

(14) Any other information we may require.

§ 3261.14 When must I give BLM my operations plan?

Send us a complete operations plan before you begin any surface disturbance on a lease. You do not need to submit an operations plan for subsequent well operations or altering existing production equipment, unless these activities will cause more surface disturbance than originally approved, or we notify you that you must submit an operations plan. Do not start any activities that will result in surface disturbance until we approve your drilling permit or Sundry Notice.

§ 3261.15 Must I give BLM my drilling permit application, drilling program, and operations plan at the same time?

You may submit your completed and signed drilling permit application and complete drilling program and operations plan either together or separately.

(a) If you submit them together and we approve your drilling permit, the approved drilling permit will authorize both the pad construction and the drilling and testing of the well.

(b) If you submit the operations plan separately from the drilling permit application and program, you must:

(1) Submit the operations plan before the drilling permit application and drilling program to allow BLM time to comply with National Environmental Policy Act (NEPA); and

(2) Submit a completed and signed Sundry Notice for well pad and access road construction. Do not begin construction until we approve your Sundry Notice.

§ 3261.16 Can my operations plan, drilling permit, and drilling program apply to more than one well?

(a) Your operations plan and drilling program can sometimes be combined to cover several wells, but your drilling permit cannot. To include more than

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one well in your operations plan, give us adequate information for all well sites, and we will combine your plan to cover those well sites that are in areas of similar geology and environment.

(b) Your drilling program may also apply to more than one well, provided you will drill the wells in the same manner, and you expect to encounter similar geologic and reservoir conditions.

(c) You must submit a separate geothermal drilling permit application for each well.

§ 3261.17 How do I amend my operations plan or drilling permit?

(a) If BLM has not yet approved your operations plan or drilling permit, send us your amended plan and completed and signed permit application.

(b) To amend an approved operations plan or drilling permit, submit a completed and signed Sundry Notice describing your proposed change. Do not start any amended operations until after BLM approves your drilling permit or Sundry Notice.

§ 3261.18 Do I need to file a bond with BLM before I build a well pad or drill a well?

Before starting any operation, you must:

(a) File with BLM either a surety or personal bond in the following minimum amount:

(1) \$10,000 for a single lease;

(2) \$50,000 for all of your operations within a state; or

(3) \$150,000 for all of your operations nationwide;

(b) Get our approval of your surety or personal bond; and

(c) To cover any drilling operations on all leases committed to a unit, either submit a bond for that unit in an amount we specify, or provide a rider to a statewide or nationwide bond specifically covering the unit in an amount we specify.

(d) See subparts 3214 and 3215 for additional details on bonding procedures.

§ 3261.19 When will BLM release my bond?

BLM will release your bond after you request it and we determine that you have:

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- (a) Plugged and abandoned all wells;
- (b) Reclaimed the surface and other resources; and
- (c) Met all the requirements of § 3200.4.

§ 3261.20 How will BLM review applications submitted under this subpart and notify me of its decision?

- (a) When we receive your operations plan, we will make sure it is complete and review it for compliance with the requirements of § 3200.4.
- (b) If another Federal agency manages the surface of your lease, we will consult with it before we approve your drilling permit.
- (c) We will review your drilling permit and drilling program or your Sundry Notice for well pad construction, to make sure they conform with your operations plan and any mitigation measures we developed while reviewing your plan.
- (d) We will check your drilling permit and drilling program for technical adequacy and may require additional information.
- (e) We will check your drilling permit for compliance with the requirements of § 3200.4.
- (f) If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information.
- (g) After our review, we will notify you as to whether your permit has been approved or denied, as well as any conditions of approval.

§ 3261.21 How do I get approval to change an approved drilling operation?

- (a) Send BLM a Sundry Notice, form 3260-3, describing the proposed changes. Do not proceed with the changes until we have approved them in writing, except as provided in paragraph (c) of this section. If your operations such as redrilling, deepening, drilling a new directional leg, or plugging back a well would significantly change your approved permit, BLM may require you to send us a new drilling permit (see 43 CFR 3261.13). A significant change would be, for example, redrilling the well to a completely different target, especially a target in an unknown area.
- (b) If your changed drilling operation would cause additional surface distur-

ance, we may also require you to submit an amended operations plan.

- (c) If immediate action is required to properly continue drilling operations, or to protect public health, safety, property or the environment, BLM may provide oral approval to change an approved drilling operation. However, you must submit a written Sundry Notice within 48 hours after we orally approve your change.

§ 3261.22 How do I get approval for subsequent well operations?

Send BLM a Sundry Notice describing your proposed operation. For some routine work, such as cleanouts, surveys, or general maintenance (see § 3264.11(b)), we may waive the Sundry Notice requirement. Contact your local BLM office to ask about waivers for subsequent well operations. Unless you receive a waiver, you must submit a Sundry Notice. Do not start your operations until we grant a waiver or approve the Sundry Notice.

Subpart 3262—Conducting Drilling Operations

§ 3262.10 What operational requirements must I meet when drilling a well?

- (a) When drilling a well, you must:
 - (1) Keep the well under control at all times by:
 - (i) Conducting training during your operation to maintain the capability of your personnel to perform emergency procedures quickly and effectively;
 - (ii) Using properly maintained equipment; and
 - (iii) Using operational practices that allow for quick and effective emergency response.
 - (b) You must use sound engineering principles and take into account all pertinent data when:
 - (1) Selecting and using drilling fluid types and weights;
 - (2) Designing and implementing a system to control fluid temperatures;
 - (3) Designing and using blowout prevention equipment; and
 - (4) Designing and implementing a casing and cementing program.
 - (c) Your operation must always comply with the requirements of § 3200.4.

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§ 3262.11 What environmental requirements must I meet when drilling a well?

(a) You must conduct your operations in a manner that:

(1) Protects the quality of surface and subsurface water, air, natural resources, wildlife, soil, vegetation, and natural history;

(2) Protects the quality of cultural, scenic, and recreational resources;

(3) Accommodates, as necessary, other land uses;

(4) Minimizes noise; and

(5) Prevents property damage and unnecessary or undue degradation of the lands.

(b) You must remove or, with BLM's approval, properly store all equipment and materials that are not in use.

(c) You must retain all fluids from drilling and testing the well in properly designed pits, sumps, or tanks.

(d) When you no longer need a pit or sump, you must abandon it and restore the site as we direct.

(e) BLM may require you to give us a contingency plan showing how you will protect public health and safety, property, and the environment.

§ 3262.12 Must I post a sign at every well?

Yes. Before you begin drilling a well, you must post a sign in a conspicuous place and keep it there throughout operations until the well site is reclaimed. Put the following information on the sign:

(a) The lessee or operator's name;

(b) Lease serial number;

(c) Well number; and

(d) Well location described by township, range, section, quarter-quarter section or lot.

§ 3262.13 May BLM require me to follow a well spacing program?

BLM may require you to follow a well spacing program if we determine that it is necessary for proper development. If we require well spacing, we will consider the following factors when we set well spacing:

(a) Hydrologic, geologic, and reservoir characteristics of the field, minimizing well interference;

(b) Topography;

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(c) Interference with multiple use of the land; and

(d) Environmental protection, including ground water.

§ 3262.14 May BLM require me to take samples or perform tests and surveys?

(a) BLM may require you to take samples or to test or survey the well to determine:

(1) The well's mechanical integrity;

(2) The identity and characteristics of formations, fluids, or gases;

(3) Presence of geothermal resources, water, or reservoir energy;

(4) Quality and quantity of geothermal resources;

(5) Well bore angle and direction of deviation;

(6) Formation, casing, or tubing pressures;

(7) Temperatures;

(8) Rate of heat or fluid flow; and

(9) Any other necessary well information.

(b) See § 3264.11 for information on reporting requirements.

Subpart 3263—Well Abandonment

§ 3263.10 May I abandon a well without BLM's approval?

(a) You must have a BLM-approved Sundry Notice documenting your plugging and abandonment program before you start abandoning any well.

(b) You must also notify the local BLM office before you begin abandonment activities, so that we may witness the work. Contact your local BLM office before starting to abandon your well to find out what notification we need.

§ 3263.11 What information must I give BLM to approve my Sundry Notice for abandoning a well?

Send us a Sundry Notice with:

(a) All the information required in the well completion report (see § 3264.10), unless we already have that information;

(b) A detailed description of the proposed work, including:

(1) Type, depth, length, and interval of plugs;

(2) Methods you will use to verify the plugs (tagging, pressure testing, etc.);

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(3) Weight and viscosity of mud that you will use in the uncemented portions;

(4) Perforating or removing casing; and

(5) Restoring the surface; and

(c) Any other information that we may require.

§ 3263.12 How will BLM review my Sundry Notice to abandon my well and notify me of their decision?

(a) When BLM receives your Sundry Notice, we will make sure it is complete and review it for compliance with the requirements of § 3200.4. We will notify you if we need more information or require additional procedures. If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information. If we approve your Sundry Notice, we will send you an approved copy once our review is complete. Do not start abandonment of the well until we approve your Sundry Notice.

(b) BLM may orally approve plugging procedures for a well requiring immediate action. If we do, you must submit the information required in § 3263.11 within 48 hours after we give oral approval.

§ 3263.13 What must I do to restore the site?

You must remove all equipment and materials and restore the site according to the terms of your permit or other BLM approval.

§ 3263.14 May BLM require me to abandon a well?

If we determine that your well is no longer needed for geothermal resource production, injection, or monitoring, or if we determine that the well is not mechanically sound, BLM may order you to abandon the well. In either case, if you disagree you may explain to us why the well should not be abandoned. We will consider your reasons before we issue any final order.

§ 3263.15 May I abandon a producible well?

(a) You may abandon a producible well only after you receive BLM's approval. Before abandoning a producing

well, send BLM the information listed in § 3263.11. We may also require you to explain why you want to abandon the well.

(b) BLM will deny your request if we determine that the well is needed:

(1) To protect a Federal lease from drainage; or

(2) To protect the environment or other resources of the United States.

Subpart 3264—Reports—Drilling Operations

§ 3264.10 What must I submit to BLM after I complete a well?

You must submit a Geothermal Well Completion Report, Form 3260-4, within 30 days after you complete a well. Your report must include the following:

(a) A complete, chronological well history;

(b) A copy of all logs;

(c) Copies of all directional surveys; and

(d) Copies of all mechanical, flow, reservoir, and other test data.

§ 3264.11 What must I submit to BLM after I finish subsequent well operations?

(a) Submit to BLM a subsequent well operations report within 30 days after completing operations. At a minimum, this report must include:

(1) A complete, chronological history of the work done;

(2) A copy of all logs;

(3) Copies of all directional surveys;

(4) The results of all sampling, tests, or surveys we require you to make (see § 3262.14);

(4) Copies of all mechanical, flow, reservoir, and other test data; and

(5) A statement of whether you achieved your goals. For example, if the well was acidized to increase production, state whether the production rate increased when you put the well back on line.

(b) We may waive this reporting requirement for work we determine to be routine, such as cleanouts, surveys, or general maintenance. To request a waiver, contact BLM. If you do not receive a waiver, you must submit the report.

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§ 3264.12 What must I submit to BLM after I abandon a well?

Send us a well abandonment report within 30 days after you abandon a well. If you plan to restore the site at a later date, you may submit a separate report within 30 days after completing site restoration. The well abandonment report must contain:

- (a) A complete chronology of all work done;
- (b) A description of each plug, including:
 - (1) Type and amount of cement used;
 - (2) Depth that the drill pipe or tubing was run to set the plug;
 - (3) Depth to top of plug; and
 - (4) If the plug was verified, whether it was done by tagging or pressure testing; and
- (c) A description of surface restoration procedures.

§ 3264.13 What drilling and operational records must I maintain for each well?

You must keep the following information for each well, and make it available for BLM to inspect, upon request:

- (a) A complete and accurate drilling log, in chronological order;
- (b) All other logs;
- (c) Water or steam analyses;
- (d) Hydrologic or heat flow tests;
- (e) Directional surveys;
- (f) A complete log of all subsequent well operations, such as cementing, perforating, acidizing, and well cleanouts; and
- (g) Any other information regarding the well that could affect its status.

§ 3264.14 How do I notify BLM of accidents occurring on my lease?

You must orally inform us of all accidents that affect operations or create environmental hazards within 24 hours of the accident. When you contact us, we may require you to submit a written report fully describing the incident.

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Subpart 3265—Inspection, Enforcement, and Noncompliance for Drilling Operations

§ 3265.10 What part of my drilling operations may BLM inspect?

(a) BLM may inspect all of your Federal drilling operations regardless of surface ownership. We will inspect your operations for compliance with the requirements of § 3200.4.

(b) BLM may inspect all of your maps, well logs, surveys, records, books, and accounts related to your Federal drilling operations.

§ 3265.11 What records must I keep available for inspection?

You must keep a complete record of all aspects of your activities related to your drilling operation available for our inspection. Store these records in a place which makes them conveniently available to us. Examples of records which we may inspect include:

- (a) Well logs and maps;
- (b) Records, books, and accounts related to your Federal drilling operations;
- (c) Directional surveys;
- (d) Records pertaining to casing type and setting;
- (e) Records pertaining to formations penetrated;
- (f) Well test results;
- (g) Records pertaining to characteristics of the geothermal resource;
- (h) Records pertaining to emergency procedure training; and
- (i) Records pertaining to operational problems.

§ 3265.12 What will BLM do if my operations do not comply with my permit and applicable regulations?

(a) We will issue you a written Incident of Noncompliance, directing you to take required corrective action within a specific time period. If the noncompliance continues or is of a serious nature, we will take one or more of the following actions:

- (1) Enter your lease, and correct any deficiencies at your expense;
- (2) Collect all or part of your bond;
- (3) Direct modification or shutdown of your operations; and
- (4) Take other enforcement action under subpart 3213 against a lessee who

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is ultimately responsible for non-compliance.

(b) Noncompliance may result in BLM terminating your lease. See §§ 3213.17 through 3213.19.

Subpart 3266—Confidential, Proprietary Information

§ 3266.10 Will BLM disclose information I submit under these regulations?

All Federal and Indian data and information submitted to the BLM are subject to part 2 of this title. Part 2 includes the Department of the Interior regulations covering public disclosure of data and information contained in Department records. Certain mineral information not protected from disclosure under part 2 of this title may be made available for inspection without a Freedom of Information Act (FOIA) request. BLM will not treat surface location, surface elevation, or well status information as confidential.

§ 3266.11 When I submit confidential, proprietary information, how can I help ensure that it is not available to the public?

When you submit data and information that you believe to be exempt from disclosure by part 2 of this title, you must clearly mark each page that you believe contains confidential information. BLM will keep all data and information confidential to the extent allowed by § 2.13(c) of this title.

§ 3266.12 How long will information I give BLM remain confidential or proprietary?

The FOIA does not provide a finite period of time during which information may be exempt from public disclosure. BLM reviews each situation individually and in accordance with part 2 of this title.

Subpart 3267—Geothermal Drilling Operations Relief and Appeals

§ 3267.10 How do I request a variance from BLM requirements that apply to my drilling operations?

(a) You may file a request for a variance from the requirements of § 3200.4 for your approved drilling operations.

Your request must include enough information to explain:

(1) Why you cannot comply with the requirements of § 3200.4; and

(2) Why you need the variance to control your well, conserve natural resources, or protect public health and safety, property, or the environment.

(b) We may approve your request orally or in writing. If BLM gives you an oral approval, we will follow up with written confirmation.

§ 3267.11 How may I appeal a BLM decision regarding my drilling operations?

You may appeal our decisions regarding your drilling operations in accordance with § 3200.5.

Subpart 3270—Utilization of Geothermal Resources—General

§ 3270.10 What types of geothermal operations are governed by these utilization regulations?

(a) The regulations in subparts 3270 through 3279 of this part cover the permitting and operating procedures for the utilization of geothermal resources. This includes:

- (1) Electrical generation facilities;
- (2) Direct use facilities;
- (3) Related utilization facility operations;
- (4) Actual and allocated well field production and injection; and
- (5) Related well field operations.

(b) The utilization regulations in subparts 3270 through 3279 do not address conducting exploration operations, which is covered in subpart 3250, or drilling wells intended for production or injection, which is covered in subpart 3260.

§ 3270.11 What general standards apply to my utilization operations?

Your utilization operations must:

- (a) Meet all operational and environmental standards;
- (b) Prevent unnecessary impacts on surface and subsurface resources;
- (c) Result in the maximum ultimate recovery of geothermal resources;
- (d) Result in the beneficial use of geothermal resources, with minimum waste;

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- (e) Protect public health, safety, and property; and
- (f) Comply with the requirements of § 3200.4.

§ 3270.12 What other orders or instructions may BLM issue?

BLM may issue:

- (a) Geothermal resource operational orders, for detailed requirements that apply nationwide;
- (b) Notices to lessees, for detailed requirements on a statewide or regional basis;
- (c) Other orders and instructions specific to a field or area;
- (d) Permit conditions of approval; and
- (e) Oral orders, which BLM will confirm in writing.

Subpart 3271—Utilization Operations: Getting a Permit

§ 3271.10 What do I need to start preparing a site and building and testing a utilization facility on Federal land leased for geothermal resources?

In order to use Federal land to produce geothermal power, you must obtain a site license and construction permit from BLM before you start preparing the site. Send BLM a plan that shows what you want to do, and draft a proposed site license agreement that you think is fair and reasonable. We will review your proposal and decide whether to give you a permit and license to proceed with work on the site.

§ 3271.11 Who may apply for a permit to build a utilization facility?

The lessee, the facility operator, or the unit operator may apply to build a utilization facility.

§ 3271.12 What do I need to start preliminary site investigations that may disturb the surface?

- (a) You must:
 - (1) Fully describe your proposed operations in a Sundry Notice; and
 - (2) File a bond meeting the requirements of either § 3251.14 or § 3273.19. See subparts 3214 and 3215 for additional details on bonding procedures.
- (b) Do not begin the site investigation or surface disturbing activity

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until BLM approves your Sundry Notice and bond.

§ 3271.13 How do I obtain approval to build pipelines and facilities connecting the well field to utilization facilities not located on Federal lands leased for geothermal resources?

Before constructing pipelines and well field facilities on Federal lands leased for geothermal resources, you as lessee, unit operator, or facility operator must submit to BLM a utilization plan and facility construction permit addressing any pipelines or facilities. Do not start construction of your pipelines or facilities until BLM approves your facility construction permit.

§ 3271.14 What do I need to do to start building and testing a utilization facility if it is not located on Federal lands leased for geothermal resources?

- (a) You do not need a BLM permit to construct a facility located on either:
 - (1) Private land; or
 - (2) Lands where the surface is privately owned and BLM has leased the underlying Federal geothermal resources, when the facility will utilize Federal geothermal resources.
- (b) Before testing a utilization facility that is not located on Federal lands leased for geothermal resources, send us a Sundry Notice describing the testing schedule and the quantity of Federal geothermal resources you expect to be delivered to the facility during the testing. Do not start delivering Federal geothermal resources to the facility until we approve your Sundry Notice.

§ 3271.15 How do I get a permit to begin commercial operations?

Before using Federal geothermal resources, you as lessee, operator, or facility operator must send us a completed commercial use permit (see § 3274.11). This also applies when you use Federal resources allocated through any form of agreement. Do not start any commercial use operations until BLM approves your commercial use permit.

Subpart 3272—Utilization Plan and Facility Construction Permit

§ 3272.10 What must I submit to BLM in my utilization plan?

Submit to BLM an application describing:

(a) The proposed facilities as required by § 3272.11; and

(b) The anticipated environmental impacts and how you propose to mitigate those impacts, as required by § 3272.12.

§ 3272.11 How do I describe the proposed utilization facility?

Your submission must include:

(a) A generalized description of all proposed structures and facilities, including their size, location, and function;

(b) A generalized description of proposed facility operations, including estimated total production and injection rates; estimated well flow rates, pressures, and temperatures; facility net and gross electrical generation; and, if applicable, interconnection with other utilization facilities. If it is a direct use facility, send us the information we need to determine the amount of resource utilized;

(c) A contour map of the entire utilization site, showing production and injection well pads, pipeline routes, facility locations, drainage structures, existing and planned access, and lateral roads;

(d) A description of site preparation and associated surface disturbance, including the source for site or road building materials, amounts of cut and fill, drainage structures, analysis of all site evaluation studies prepared for the site(s), and a description of any additional tests, studies, or surveys which are planned to assess the geologic suitability of the site(s);

(e) The source, quality, and proposed consumption rate of water to be used during facility operations, and the source and quantity of water to be used during facility construction;

(f) The methods for meeting air quality standards during facility construction and operation, especially standards concerning non-condensable gases;

(g) An estimated number of personnel needed during construction and operation of the facility;

(h) A construction schedule;

(i) A schedule for testing of the facility and/or well equipment, and for the start of commercial operations;

(j) A description of architectural landscaping or other measures to minimize visual impacts; and

(k) Any additional information or data that we may require.

§ 3272.12 What environmental protection measures must I include in my utilization plan?

(a) Describe, at a minimum, your proposed measures to:

(1) Prevent or control fires;

(2) Prevent soil erosion;

(3) Protect surface or ground water;

(4) Protect fish and wildlife;

(5) Protect cultural, visual, and other natural resources;

(6) Minimize air and noise pollution; and

(7) Minimize hazards to public health and safety during normal operations.

(b) If BLM requires it, you must also describe how you will monitor your facility operations to ensure that they comply with the requirements of § 3200.4, and applicable noise, air, and water quality standards, at all times. We will consult with other involved surface management agencies, if any, regarding monitoring requirements. You must also include provisions for monitoring other environmental parameters we may require.

(c) Based on what level of impacts that BLM finds your operations may cause, we may require you to collect data concerning existing air and water quality, noise, seismicity, subsidence, ecological systems, or other environmental information for up to 1 year before you begin operating. BLM must approve your data collection methodologies, and will consult with any other surface managing agencies involved.

(d) You must also describe how you will abandon utilization facilities and restore the site, in order to comply with the requirements of § 3200.4.

(e) Finally, you must submit any additional information or data that BLM may require.

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§ 3272.13 How will BLM review my utilization plan and notify me of its decision?

(a) When BLM receives your utilization plan, we will make sure it is complete and review it for compliance with § 3200.4.

(b) If another Federal agency manages the surface of your lease, we will consult with that agency as part of the plan review.

(c) If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information.

(d) We will notify you in writing of our decision on your plan.

§ 3272.14 How do I get a permit to build or test my facility?

(a) Before building or testing a utilization facility, you must submit to BLM a:

- (1) Utilization plan;
- (2) Completed and signed facility construction permit; and
- (3) Completed and signed site license. (See subpart 3273.)

(b) Do not start building or testing your utilization facility until we have approved both your facility construction permit and your site license.

(c) After our review, we will notify you whether we have approved or denied your permit, as well as of any conditions we require for conducting operations.

Subpart 3273—How To Apply for a Site License

§ 3273.10 When do I need a site license for a utilization facility?

You must obtain a site license approved by BLM, unless your facility will be located on lands leased as described in § 3273.11. Do not start building or testing your utilization facility on public lands leased for geothermal resources until BLM has approved both your facility construction permit (see § 3272.14) and your site license. The facility operator must apply for the license.

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§ 3273.11 When is a site license unnecessary?

You do not need a site license if your facility will be located:

(a) On private land or on split estate land where the United States does not own the surface; or

(b) On Federal land not leased for geothermal resources. In this situation, the Federal surface management agency will issue you the permit you need.

§ 3273.12 How will BLM review my site license application?

(a) When BLM receives your site license application, we will make sure it is complete. If we need more information for our review, we will ask you for that information and stop our review until we receive the information.

(b) If your site license is located on geothermal leases where the surface is managed by the Department of Agriculture, we will consult with that agency and obtain concurrence before we approve your application. The agency may require additional license terms and conditions.

(c) If the land is subject to section 24 of the Federal Power Act, we will issue the site license with the terms and conditions requested by the Federal Energy Regulatory Commission.

(d) If another Federal agency manages the surface, we will consult with them to determine if they recommend additional license terms and conditions.

(e) After our review, we will notify you whether we approved or denied your license, as well as any additional conditions we require.

§ 3273.13 What lands are not available for geothermal site licenses?

BLM will not issue site licenses under these regulations for lands that are not leased or not available for geothermal leasing (see § 3201.11).

§ 3273.14 What area does a site license cover?

A site license covers a reasonably compact tract of Federal land, limited to as much of the surface as is necessary to utilize geothermal resources. That means the site license area will only include the utilization facility

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itself and other necessary structures, such as substations and processing, repair, or storage facility areas.

§ 3273.15 What must I include in my site license application?

Your site license application must include:

- (a) A description of the boundaries of the land applied for, as determined by a certified licensed surveyor. Describe the land by legal subdivision, section, township and range, or by approved protraction surveys, if applicable;
- (b) The affected acreage;
- (c) The filing fee for a site license application found in the fee schedule in § 3000.12 of this chapter;
- (d) A site license bond (see § 3273.19);
- (e) The first year's rent, if applicable (see § 3273.18); and
- (f) Documentation that the lessee or unit operator accepts the siting of the facility, if the facility operator is neither the lessee nor the unit operator.

[72 FR 24400, May 2, 2007, as amended at 72 FR 50887, Sept. 5, 2007]

§ 3273.16 What is the annual rent for a site license?

BLM will specify the annual rent in your license and the date you must pay it, if you are required to pay rent (see § 3273.18). Your rent will be at least \$100 per acre or fraction thereof for an electrical generation facility, and at least \$10 per acre or fraction thereof for a direct use facility. Send the first year's rent to BLM, and all subsequent rental payments to MMS under 30 CFR part 218.

§ 3273.17 When may BLM reassess the annual rent for my site license?

BLM may reassess the rent for lands covered by the license, beginning with the 10th year and every 10 years after that.

§ 3273.18 What facility operators must pay the annual site license rent?

If you are a lessee siting a utilization facility on your own lease, or a unit operator siting a utilization facility on leases committed to the unit, you are not required to pay rent. Only a facility operator who is not also a lessee or unit operator must pay rent.

§ 3273.19 What are the bonding requirements for a site license?

(a) For an electrical generation facility, the facility operator must submit a surety or personal bond to BLM for at least \$100,000 that meets the requirements of subpart 3214. BLM may increase the required bond amount. See subparts 3214 and 3215 for additional details on bonding procedures.

(b) For a direct use facility, the facility operator must submit a surety or personal bond to BLM that meets the requirements of subpart 3214 in an amount BLM will specify.

(c) The bond's terms must cover compliance with the requirements of § 3200.4.

(d) Until BLM approves your bond, do not start construction, testing, or any other activity that would disturb the surface.

§ 3273.20 When will BLM release my bond?

We will release your bond after you request it and we determine that you have:

- (a) Removed the utilization facility and all associated equipment;
- (b) Reclaimed the land; and
- (c) Met all the requirements of § 3200.4.

§ 3273.21 What are my obligations under the site license?

As the facility operator, you:

- (a) Must comply with the requirements of § 3200.4;
- (b) Are liable for all damages to the lands, property, or resources of the United States caused by yourself, your employees, or your contractors or their employees;
- (c) Must indemnify the United States against any liability for damages or injury to persons or property arising from the occupancy or use of the lands authorized under the site license; and
- (d) Must restore any disturbed surface, and remove all structures when they are no longer needed for facility construction or operation. This includes the utilization facility if you cannot operate the facility and you are not diligent in your efforts to return the facility to operation.

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§ 3273.22 How long will my site license remain in effect?

(a) The primary term of a site license is 30 years, with a preferential right to renew the license under terms and conditions set by BLM.

(b) If your lease on which the licensed site is located ends, you may apply for a facility permit under Section 501 of FLPMA, 43 U.S.C. 1761, if your facility is on BLM-managed lands. Otherwise, you must get permission from the surface management agency to continue using the surface for your facility.

§ 3273.23 May I renew my site license?

(a) You have a preferential right to renew your site license under terms and conditions BLM determines.

(b) If your site license is located on leased lands managed by the Department of Agriculture, we will consult with the surface management agency and obtain concurrence before renewing your license. The agency may require additional license terms and conditions. If another Federal agency manages the surface, we will consult with them before granting your renewal.

§ 3273.24 When may BLM terminate my site license?

(a) BLM may terminate a site license by written order. We may terminate your site license if you:

(1) Do not comply with the requirements of §3270.11; or

(2) Do not comply with the requirements of §3200.4.

(b) To prevent termination, you must correct the violation within 30 days after you receive a correction order from BLM, unless we determine that:

(1) The violation cannot be corrected within 30 days; and

(2) You are diligently attempting to correct it.

§ 3273.25 When may I relinquish my site license?

You may request approval to relinquish your site license by sending BLM a written notice requesting relinquishment review and approval. We will not approve the relinquishment until you comply with §3273.21.

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§ 3273.26 When may I assign or transfer my site license?

You may assign or transfer your site license in whole or in part. Send BLM your completed and signed transfer application and the filing fee for assignment or transfer of site license found in the fee schedule in §3000.12 of this chapter. Your application must include a written statement that the transferee will comply with all license terms and conditions, and that the lessee accepts the transfer. The transferee must submit a bond meeting the requirements of §3273.19. The transfer is not effective until we approve the bond and site license transfer.

[72 FR 24400, May 2, 2007, as amended at 72 FR 50887, Sept. 5, 2007]

Subpart 3274—Applying for and Obtaining a Commercial Use Permit

§ 3274.10 Do I need a commercial use permit to start commercial operations?

You must have a commercial use permit approved by BLM before you begin commercial operations from a Federal lease, a Federal unit, or a utilization facility.

§ 3274.11 What must I give BLM to approve my commercial use permit application?

Submit a completed and signed commercial permit form, to BLM, containing the following information:

(a) The design specifications, and the inspection and calibration schedule of production, injection, and royalty meters;

(b) A schematic diagram of the utilization site or individual well, showing the location of each production and royalty meter. If the sales point is located off the utilization site, give us a generalized schematic diagram of the electrical transmission or pipeline system, including meter locations;

(c) A copy of the sales contract for the sale and/or utilization of geothermal resources;

(d) A description and analysis of reservoir, production, and injection characteristics, including the flow rates,

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temperatures, and pressures of each production and injection well;

(e) A schematic diagram of each production and injection well showing the wellhead configuration, including meters;

(f) A schematic flow diagram of the utilization facility, including interconnections with other facilities, if applicable;

(g) A description of the utilization process in sufficient detail to enable BLM to determine whether the resource will be utilized in a manner consistent with law and regulations;

(h) The planned safety provisions for emergency shutdown to protect public health, safety, property, and the environment. This should include a schedule for the testing and maintenance of safety devices;

(i) The environmental and operational parameters that will be monitored during the operation of the facility and/or well(s); and

(j) Any additional information or data that we may require.

§ 3274.12 How will BLM review my commercial use permit application?

(a) When BLM receives your completed and signed commercial use permit application, we will make sure it is complete and review it for compliance with § 3200.4.

(b) If another Federal agency manages the surface of your lease, we will consult with that agency before we approve your commercial use permit.

(c) We will review your commercial use permit to make sure it conforms with your utilization plan and any mitigation measures we developed while reviewing your plan.

(d) We will check your commercial use permit for technical adequacy, and will ensure that your meters meet the accuracy standards (see §§ 3275.14 and 3275.15).

(e) If we need any further information to complete our review, we will contact you in writing and suspend our review until we receive the information.

(f) After our review, we will notify you whether your permit has been approved or denied, as well as any conditions of approval.

§ 3274.13 May I get a permit even if I cannot currently demonstrate I can operate within required standards?

Yes, but we may limit your operations to a prescribed set of activities and a set period of time, during which we will give you a chance to show you can operate within environmental and operational standards, based on actual facility and well data you collect. Send us a Sundry Notice to get BLM approval for extending your permit. If during this set time period you still cannot demonstrate your ability to operate within the required standards, we will terminate your authorization. You must then stop all operations and restore the surface to the standards we set in the termination notice.

Subpart 3275—Conducting Utilization Operations

§ 3275.10 How do I change my operations if I have an approved facility construction or commercial use permit?

Send BLM a completed and signed Sundry Notice describing your proposed change. Until we approve your Sundry Notice, you must continue to comply with the original permit terms.

§ 3275.11 What are a facility operator's obligations?

You must:

(a) Keep the facility in proper operating condition at all times by;

(1) Conducting training during your operation to ensure that your personnel are capable of performing emergency procedures quickly and effectively;

(2) Using properly maintained equipment; and

(3) Using operational practices that allow for quick and effective emergency response.

(b) Base the design of the utilization facility siting and operation on sound engineering principles and other pertinent geologic and engineering data;

(c) Prevent waste of, or damage to, geothermal and other energy and minerals resources; and

(d) Comply with the requirements of § 3200.4.

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§ 3275.12 What environmental and safety requirements apply to facility operations?

(a) You must perform all utilization facility operations in a manner that:

- (1) Protects the quality of surface and subsurface waters, air, and other natural resources, including wildlife, soil, vegetation, and natural history;
- (2) Prevents unnecessary or undue degradation of the lands;
- (3) Protects the quality of cultural, scenic, and recreational resources;
- (4) Accommodates other land uses as much as possible;
- (5) Minimizes noise;
- (6) Prevents injury; and
- (7) Prevents damage to property.

(b) You must monitor facility operations to identify and address local environmental resources and concerns associated with your facility or lease operations.

(c) You must remove or, with BLM approval, properly store all equipment and materials not in use.

(d) You must properly abandon the facility and reclaim any disturbed surface to standards approved or prescribed by us, when the land is no longer needed for facility construction or operation.

(e) When we require, you must submit a contingency plan describing procedures to protect public health and safety, property, and the environment.

(f) You must comply with the requirements of § 3200.4.

§ 3275.13 How must the facility operator measure the geothermal resources?

The facility operator must:

(a) Measure all production, injection and utilization in accordance with methods and standards approved by BLM (see § 3275.15);

(b) Maintain and test all metering equipment. If your equipment is defective or out of tolerance, you must promptly recalibrate, repair, or replace it; and

(c) Determine the amount of production and/or utilization in accordance with methods and procedures approved by BLM (see § 3275.17).

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§ 3275.14 What aspects of my geothermal operations must I measure?

(a) For all well operations, you must measure wellhead flow, wellhead temperature, and wellhead pressure.

(b) For all electrical generation facilities, you must measure:

- (1) Steam and/or hot water flow entering the facility;
- (2) Temperature of the water and/or steam entering the facility;
- (3) Pressure of the water and/or steam entering the facility;
- (4) Gross electricity generated;
- (5) Net electricity at the facility tailgate;
- (6) Electricity delivered to the sales point; and
- (7) Temperature of the steam and/or hot water exiting the facility.

(c) For direct use facilities, you must measure:

- (1) Flow of steam and/or hot water; and
 - (2) Temperature of the steam or water entering the facility.
- (d) We may also require additional measurements, depending on the type of facility, the type and quality of the resource, and the terms of the sales contract.

§ 3275.15 How accurately must I measure my production and utilization?

It depends on whether you use a meter to calculate Federal production or royalty, and what quantity of resource you are measuring.

(a) For meters that you use to calculate Federal royalty:

(1) If the meter measures electricity, it must have an accuracy of $\pm 0.25\%$ or better of reading;

(2) If the meter measures steam flowing at more than 100,000 lbs/hr on a monthly basis, it must have an accuracy reading of ± 2 percent or better;

(3) If the meter measures steam flowing at less than 100,000 lbs/hr on a monthly basis, it must have an accuracy reading of ± 4 percent or better;

(4) If the meter measures water flowing at more than 500,000 lbs/hr on a monthly basis, it must have an accuracy reading of ± 2 percent or better;

(5) If the meter measures water flowing at 500,000 lbs/hr or less on a monthly basis, it must have an accuracy reading of ± 4 percent or better;

(6) If the meter measures heat content, it must have an accuracy reading of ± 4 percent, or better; or

(7) If the meter measures two-phase flow at any rate, BLM will determine and inform you of the meter accuracy requirements. You must obtain our prior written approval before installing and using meters for two-phase flow.

(b) Any meters that you do not use to calculate Federal royalty are considered production meters, which must maintain an accuracy of ± 5 percent or better.

(c) We may modify these requirements as necessary to protect the interests of the United States.

§ 3275.16 What standards apply to installing and maintaining meters?

(a) You must install and maintain all meters that we require, either according to the manufacturer's recommendations and specifications or paragraphs (b) through (e) of this section, whichever are more restrictive.

(b) If you use an orifice plate to calculate Federal royalty, the orifice plate installation must comply with "API Manual of Petroleum Measurement Standards, Chapter 14, Section 3, Part 2, Fourth Edition, April 2000."

(c) For meters used to calculate Federal royalty, you must calibrate the meter against a known standard as follows:

(1) You must annually calibrate meters measuring electricity;

(2) You must calibrate meters measuring steam or hot water flow with a turbine, vortex, ultrasonics, or other linear devices, every 6 months, or as recommended by the manufacturer, whichever is more frequent; and

(3) You must calibrate meters measuring steam or hot water flow with an orifice plate, venturi, pitot tube, or other differential device, every month, and you must inspect and repair the primary device (orifice plate, venturi, pitot tube) annually.

(d) You must use calibration equipment that is more accurate than the equipment you are calibrating.

(e) BLM may modify any of these requirements as necessary to protect the resources of the United States.

§ 3275.17 What must I do if I find an error in a meter?

(a) If you find an error in a meter used to calculate Federal royalty, you must correct the error immediately and notify BLM by the next working day of its discovery.

(b) If the meter is not used to calculate Federal royalty, you must correct the error and notify us within 3 working days after its discovery.

(c) If correcting the error will cause a change in the sales quantity of more than 2 percent for the month(s) in which the error occurred, you must adjust the sales quantity for that month(s) and submit an amended facility report to us within 3 working days.

§ 3275.18 May BLM require me to test for byproducts associated with geothermal resource production?

You must conduct any tests we require, including tests for byproducts, if we find it necessary to require such tests for a given operation.

§ 3275.19 How do I apply to commingle production?

To request approval to commingle production, send us a completed and signed Sundry Notice. We will review your request to commingle production from wells on your lease with production from your other leases or from leases where you do not have an interest. Do not commingle production until we have approved your Sundry Notice.

§ 3275.20 What will BLM do if I waste geothermal resources?

We will determine the amount of any resources you have lost through waste. If you did not take all reasonable precautions to prevent waste, we will require you to pay compensation based on the value of the lost production. If BLM finds that you have not adequately corrected the situation, we will follow the noncompliance procedures in § 3277.12.

§ 3275.21 May BLM order me to drill and produce wells on my lease?

BLM may order you to drill and produce wells on your lease when we find it necessary to protect Federal interests, prevent drainage, or ensure that lease development and production

occur in accordance with sound operating practices.

Subpart 3276—Reports: Utilization Operations

§ 3276.10 What are the reporting requirements for facility and lease operations involving Federal geothermal resources?

(a) When you begin commercial production and operation, you must notify BLM in writing within 5 business days.

(b) Submit completed and signed monthly reports thereafter to BLM as follows:

(1) If you are a lessee or unit operator supplying Federal geothermal resources to a utilization facility on Federal land leased for geothermal resources, submit a monthly report of well operations for all wells on your lease or unit;

(2) If you are the operator of a utilization facility on Federal land leased for geothermal resources, submit a monthly report of facility operations;

(3) If you are both a lessee or unit operator and the operator of a utilization facility on Federal land leased for geothermal resources, you may combine the requirements of paragraphs (b)(1) and (b)(2) of this section into one report; or

(4) If you are a lessee or unit operator supplying Federal geothermal resources to a utilization facility not located on Federal land leased for geothermal resources, and the sales point for the resource utilized is at the facility tailgate, submit all the requirements of paragraphs (b)(1) and (b)(2) of this section. You may combine these into one report.

(c) Unless BLM grants a variance, your reports must be received by BLM by the end of the month following the month that the report covers. For example, the report covering the month of July is due by August 31.

§ 3276.11 What information must I include for each well in the monthly report of well operations?

(a) Any drilling operations or changes made to a well;

(b) Total production or injection in thousands of pounds (klbs);

(c) Production or injection temperature in degrees Fahrenheit (deg. F);

(d) Production or injection pressure in pounds per square inch (psi). You must also specify whether this is gauge pressure (psig) or absolute pressure (psia);

(e) The number of days the well was producing or injecting;

(f) The well status at the end of the month;

(g) The amount of steam or hot water lost to venting or leakage, if the amount is greater than 0.5 percent of total lease production. We may modify this standard by a written order describing the change;

(h) The lease number or unit name where the well is located;

(i) The month and year to which the report applies;

(j) Your name, title, signature, and a phone number where BLM may contact you; and

(k) Any other information that we may require.

§ 3276.12 What information must I give BLM in the monthly report for facility operations?

(a) For all electrical generation facilities, include in your monthly report of facility operations:

(1) Mass of steam and/or hot water, in klbs, used or brought into the facility. For facilities using both steam and hot water, you must report the mass of each;

(2) The temperature of the steam or hot water in deg. F;

(3) The pressure of the steam or hot water in psi. You must also specify whether this is psig or psia;

(4) Gross generation in kilowatt hours (kwh);

(5) Net generation at the tailgate of the facility in kwh;

(6) Temperature in deg. F and volume of the steam or hot water exiting the facility;

(7) The number of hours the plant was on line;

(8) A brief description of any outages; and

(9) Any other information we may require.

(b) For electrical generation facilities where Federal royalty is based on the sale of electricity to a utility, in

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addition to the information required under paragraph (a) of this section, you must include the following information in your monthly report of facility operations:

- (1) Amount of electricity delivered to the sales point in kwh, if the sales point is different from the tailgate of the facility;
- (2) Amount of electricity lost to transmission;
- (3) A report from the utility purchasing the electricity documenting the total number of kwh delivered to the sales point during the month, or monthly reporting period if it is not a calendar month, and the number of kwh delivered during diurnal and seasonal pricing periods; and
- (4) Any other information we may require.

§ 3276.13 What additional information must I give BLM in the monthly report for flash and dry steam facilities?

In addition to the regular monthly report information required by § 3276.12, send to BLM:

- (a) Steam flow into the turbine in klbs; for dual flash facilities, you must separate the steam flow into high pressure steam and low pressure steam;
- (b) Condenser pressure in psia;
- (c) Condenser temperature in deg. F;
- (d) Auxiliary steam flow used for gas ejectors, steam seals, pumps, etc., in klbs;
- (e) Flow of condensate out of the plant (after the cooling towers) in klbs; and
- (f) Any other information we may require.

§ 3276.14 What information must I give BLM in the monthly report for direct use facilities?

- (a) Total monthly flow through the facility in thousands of gallons (kgal) or klbs;
- (b) Monthly average temperature in, in deg. F;
- (c) Number of hours that geothermal heat was used; and
- (d) Any other information we may require.

§ 3276.15 How must I notify BLM of accidents occurring at my utilization facility?

You must orally inform us of all accidents that affect operations or create environmental hazards within 24 hours after each accident. When you contact us, we may require you to submit a written report fully describing the incident.

Subpart 3277—Inspections, Enforcement, and Noncompliance

§ 3277.10 When will BLM inspect my operations?

BLM may inspect all operations to ensure compliance with the requirements of § 3200.4. You must give us access during normal operating hours to inspect all facilities utilizing Federal geothermal resources.

§ 3277.11 What records must I keep available for inspection?

(a) The operator or facility operator must keep all records and information pertaining to the operation of your utilization facility, royalty and production meters, and safety training available for BLM inspection for a period of 6 years following the time the records and information are created.

(b) This requirement also pertains to records and information from meters located off your lease or unit, when BLM needs them to determine:

- (1) Resource production to a utilization facility; or
 - (2) The allocation of resource production to your lease or unit.
- (c) Store all of these records in a place where they are conveniently available.

§ 3277.12 What will BLM do if I do not comply with all BLM requirements pertaining to utilization operations?

(a) We will issue you a written Incident of Noncompliance, directing you to take required corrective action within a specific time period. If the noncompliance continues or is serious in nature, BLM will take one or more of the following actions:

- (1) Enter the lease, and correct any deficiencies at your expense;

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- (2) Collect all or part of your bond;
 - (3) Order modification or shutdown of your operations; and
 - (4) Take other enforcement action against a lessee who is ultimately responsible for the noncompliance.
- (b) Noncompliance may result in BLM terminating your lease (see §§ 3213.17 through 3213.19).

Subpart 3278—Confidential, Proprietary Information

§ 3278.10 When will BLM disclose information I submit under these regulations?

All Federal and Indian data and information submitted to BLM are subject to part 2 of this title. Part 2 includes the regulations of the Department of the Interior covering public disclosure of data and information contained in Department records. Certain mineral information not protected from disclosure under part 2 may be made available for inspection without a Freedom of Information Act (FOIA) request. Examples of information we will not treat as confidential include:

- (a) Facility location;
- (b) Facility generation capacity; or
- (c) To whom you are selling electricity or produced resources.

§ 3278.11 When I submit confidential, proprietary information, how can I help ensure it is not available to the public?

When you submit data and information that you believe to be exempt from disclosure under part 2 of this title, you must clearly mark each page that you believe contains confidential information. BLM will keep all data and information confidential to the extent allowed by § 2.13(c) of this title.

§ 3278.12 How long will information I give BLM remain confidential or proprietary?

The FOIA does not provide a finite period of time during which information may be exempt from public disclosure. BLM will review each situation individually and in accordance with part 2 of this title.

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Subpart 3279—Utilization Relief and Appeals

§ 3279.10 When may I request a variance from BLM requirements pertaining to utilization operations?

(a) You may file a request with BLM for a variance for your approved utilization operations from the requirements of § 3200.4. Your request must include enough information to explain:

- (1) Why you cannot comply with the requirements; and
- (2) Why you need the variance to operate your facility, conserve natural resources, or protect public health and safety, property, or the environment.

(b) We may approve your request orally or in writing. If we give you oral approval, we will follow up with written confirmation.

§ 3279.11 How may I appeal a BLM decision regarding my utilization operations?

You may appeal our decision affecting your utilization operations in accordance with § 3200.5.

PART 3280—GEOTHERMAL RESOURCES UNIT AGREEMENTS

Subpart 3280—Geothermal Resources Unit Agreements—General

Sec.

3280.1 What is the purpose and scope of this part?

3280.2 Definitions.

3280.3 What is BLM's general policy regarding the formation of unit agreements?

3280.4 When may BLM require Federal lessees to unitize their leases or require a Federal lessee to commit a lease to a unit?

3280.5 May BLM require the modification of lease requirements in connection with the creation and operation of a unit agreement?

3280.6 When may BLM require a unit operator to modify the rate of exploration, development, or production?

3280.7 Can BLM require an owner or lessee of lands not under Federal administration to unitize their lands or leases?

Subpart 3281—Application, Review, and Approval of a Unit Agreement

3281.1 What steps must I must follow for BLM to approve my unit agreement?